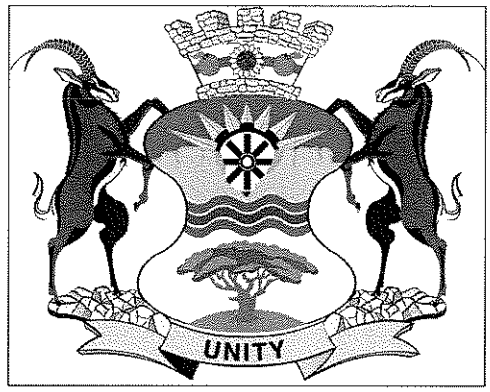


RUSTENBURG LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2008

Rustenburg

"A successful Rustenburg for the benefit of all"

RUSTENBURG LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2008

NR.	TABLE OF CONTENTS	PAGE
1	Approval of Annual Financial Statements	3
2	Chief Financial Officer's Report	4
3	Statement of Financial Position	11
4	Statement of Financial Performance	12
5	Statement of Changes in Net Assets	13
6	Cash Flow Statement	14
7	Accounting Policies to the Annual Financial Statements	15
8	Notes to the Annual Financial Statements	41
9	**APPENDICES:**	
9.1	A: Schedule of External Loans	56
9.2	B: Analysis of Property, Plant and Equipment	57
9.3	C: Segmental Analysis of Property, Plant and Equipment	59
9.4	D: Segmental Statement of Financial Performance	60
9.5	E(1): Actual versus Budget (Revenue and Expenditure)	61
9.6	E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)	62
9.7	F: Disclosure in terms of section 123 of the MFMA: Grants and Subsidies received	63

Rustenburg

RUSTENBURG LOCAL MUNICIPALITY

APPROVAL OF ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

As Accounting Officer, in terms of section 126(1) (a) of the Municipal Finance Management Act, Act no 56 of 2003, I am responsible for the preparation of the annual financial statements as set out on pages 1 to 63 and which I have signed on behalf of the Rustenburg Local Municipality.

I certify, in terms of section 124(1) of the Municipal Finance Management Act, that the salaries, allowances and benefits of Councillors as disclosed in the notes to these annual financial statements are within the upper limits of the framework envisaged in section 210 of the Constitution, read with the Remuneration of Public Office Bearers Act (Act 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with Act 20 of 1998.

Mr. A.J.F. Boshoff
Municipal Manager

28/08/2008
Date

CHIEF FINANCIAL OFFICER'S REPORT

1. ANNUAL FINANCIAL STATEMENTS

To the best of my knowledge and based on the financial records of the Municipality, the annual financial statements fairly presents the state of affairs of the municipality, its performance against budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results for the year ended on 30 June 2008 and its financial position as at the end of the financial year ended on 30 June 2008. Amounts disclosed are in accordance with the financial records and the annual financial statements of the Municipality. Information provided does not contradict information disclosed in the annual financial statements.

2. OPERATING RESULTS

The operating results for the year ended 30 June 2008 disclose a surplus. The financial year was closed off with a surplus (before appropriations) of R 118 374 564 (surplus of R 125,265,141 for the previous year. This represents a net improvement if compared to the budget as the budget did not make provision for a surplus (after appropriations). The improvement is mainly as a result of higher than expected income on interest on investments and in debtors as well as a number of savings on the expenditure budget.

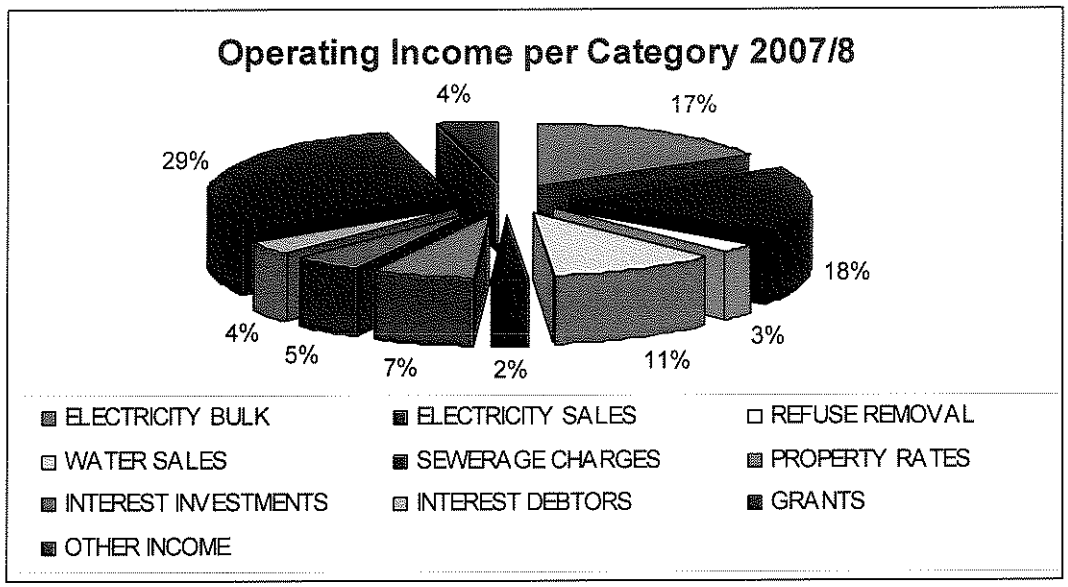
The overall performance on the budget was satisfactory. There are still a number of GAMAP/GRAP issues that need to be captured properly in the annual budget to be able to have the budget fully compliant. The majority of income targets were achieved and the expenditure was well within the budget. The overall operating results for this period are as follows:

Description	Actual Jun-08 R 'mil	Actual Jun-07 R 'mil	Variance %	Budget 2007/8 R 'mil	Variance Actual/Budget %
Income	1,410	1,248	12.99%	1,452	2.62%
Expenditure	1,292	1,122	15.13%	1,514	14.45%
Surplus / (Deficit)	**118**	**126**		**-62**	
Percentage	8.39	10.10			

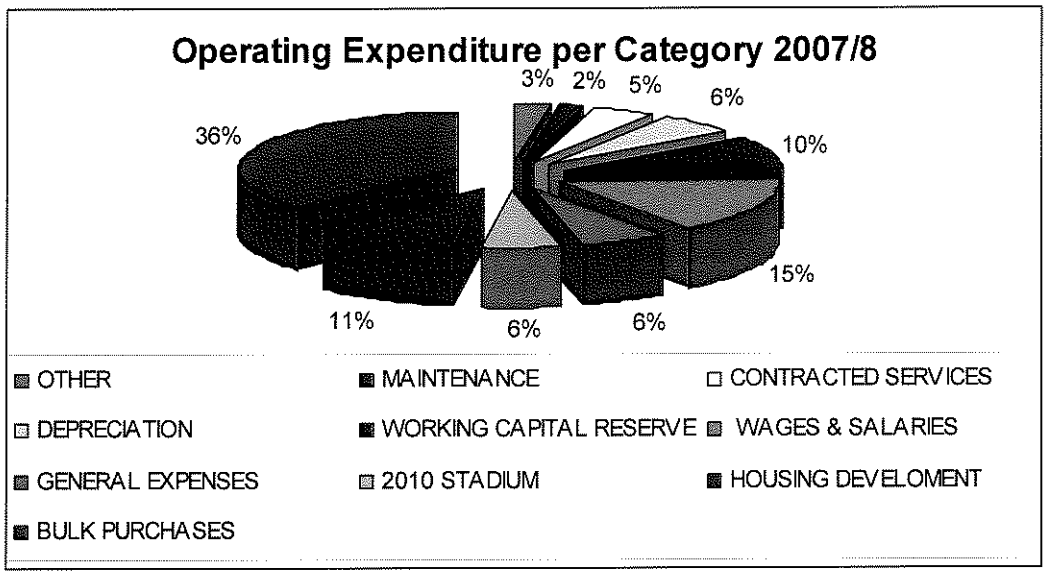
3. INCOME

The major income streams of the Municipality can best be disclosed as follows, giving a bird's eye view of total income and disclosing the dependency of the Municipality on grants and subsidies from the State, as income from grants represents 30% (24.4% in 2006/7) of total income of the Municipality. Own income generated from the sale of water and electricity, the raising of assessment rates and basic charges and other income represent only 58% (62.1% in 2006/7) of the total income of the Municipality. This percentage indicates a downward trend when compared to the previous year's percentage of 62.1% and is as a result of huge grants with regard to the 2010 World Cup Soccer (R76.2m) and Housing Projects (R137.7m). If these grants are left out of the calculation, the income from services increases to 65.46%. This shows an increase of 3.36% on the previous year and 5.4% more than the previous

year, which is much more in line with previous results. The following graph shows the operating income sources of the municipality:



The operating expenditure of the municipality increased with R 170 million (15.2%) from the 2006/7 financial year to R 1 292 million. The expenditure could be summarised as follows:



The municipality has accepted the norm to limit salary expenditure to 30% of the total expenditure. Although the above graph shows the salary expenditure at 15% of the operating expenditure the norm of 30% was determined only on certain items. If those items are excluded the salary expenditure is 27.9% (27.24% in 2006/7) of the total expenditure. It is satisfactory to report that this ratio is in line with the target.

The upgrading of the Bafokeng Stadium for the 2010 World Cup Soccer tournament amounts to R 76 215 000, during the year, or 6% of the total operating expenditure. Housing projects with a total value of R 137 665 254 (11%) were completed during the year. The expenditure on housing projects compares well with the expenditure in the previous financial year of

R 130 450 350. Provision was however made for projects to the value of R 284 million, which means that project to the value of R 146 million did not realise. The taking over of housing projects by the government was mentioned as the reason for this huge under expenditure.

3.1. Trading and Economical Services

The trading and economical services were rendered at a cost of R 728 million compared to the income of R 788 million. These services were rendered at a surplus of R 60 million. The norm to realise a surplus of at least 10% on these services has not been achieved and specific attention should be given to the Waste and Sewerage services. From the table below it is clear that the current tariffs charged for the services is far to low and it could be necessary to phase the increase in over a period of three years.

	Income R'mil	Expenditure R'mil	Deficit/(Surplus) R'mil	% on Income R'mil
Water	185	172	-13	-7.03
Electricity	513	442	-71	-13.84
Waste	45	56	11	24.44
Sewerage	45	58	13	28.89
Total	788	728	-60	-7.61

4. OPERATING RESULTS PER CATEGORY OF EXPENDITURE

4.1 Detail information on the operating results per category is contained in the Statement of Financial Performance and Appendix "E" to the Annual Financial Statements. The following could, however, be highlighted:

The total salary expenditure of the municipality amounts to R 198 million (2006/07: R168 million). This represents an increase of R 30 million or 18%.

The maintenance expenses for the financial year amount to R 24 million (2006/07 R 20 million) which is an approximate increase of 20% on the previous year. The level of maintenance remains a challenge for the municipality. The cost disclosed as maintenance expenditure does not include the cost of salaries and transport of maintenance personnel. The Finance Directorate have supported the increase of this expenditure over the last couple of years to ensure that assets are being maintained properly. This directorate will continue to support the maintenance of assets to ensure that the expected lifespan of assets will realise. This directorate recommends that directorates responsible for the execution of capital projects should ensure that specifications are properly compiled and executed to comply with the necessary quality and standards. Care should be taken to increase maintenance to a level where new infrastructure is maintained to a satisfactory level. If the Municipality wants to improve service delivery to satisfactory levels, this amount will have to be increased substantially over the next 3 years.

The actual depreciation charges amount to R 75 million for the year, compared to R 65 million in 2006/7. This is an increase of R 10 million or 15.9%. The increase is as a result of much higher capital expenditure in the previous year. With the capital

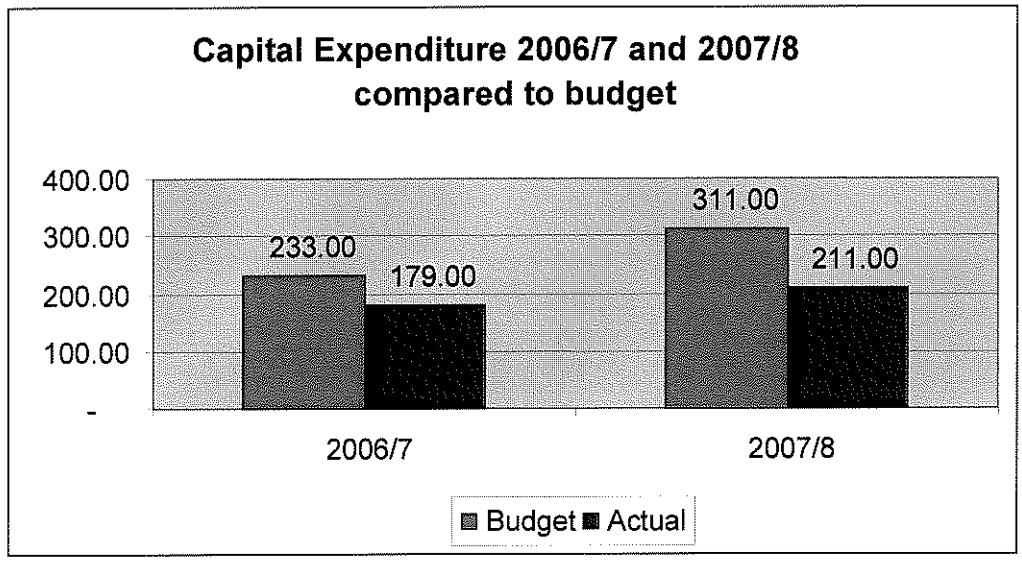
expenditure reaching its highest level ever, the impact of these increases can not be under estimated. This emphasise the importance to limit the capital budget to affordable levels.

The provision for doubtful debt was increased twice in the financial year. The original provision was R 65 million. An additional contribution of almost R 50 million was approved by council with the adjustments budget. A further contribution of R 9.5 million had to be made at year end to get the provision to an acceptable level of R 124 375 000 at year end, compared to the contribution of approximately R 101 million last year.

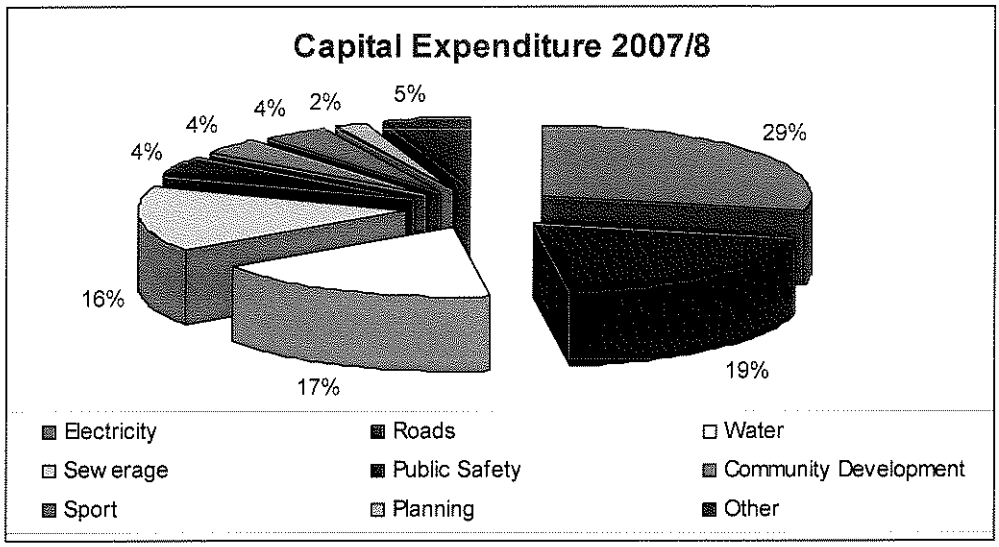
5. CAPITAL EXPENDITURE

More detail on capital expenditure is disclosed in Annexure "C".

The Municipality made provision for capital expenditure of R 311 million in 2007/8 Capital Budget(R 232 million in the previous year). However, the actual capital expenditure for the year under review is R 211million or 18% higher than the capital expenditure for 2006/7. The growth in capital expenditure will place enormous pressure on the cash resources of the Municipality and again emphasise the need to limit the budget to an affordable level. The following graph discloses the spending of the Municipality on its capital budget:



The actual capital expenditure could be summarised as follows:



6. EXTERNAL LOANS, INVESTMENTS AND CASH

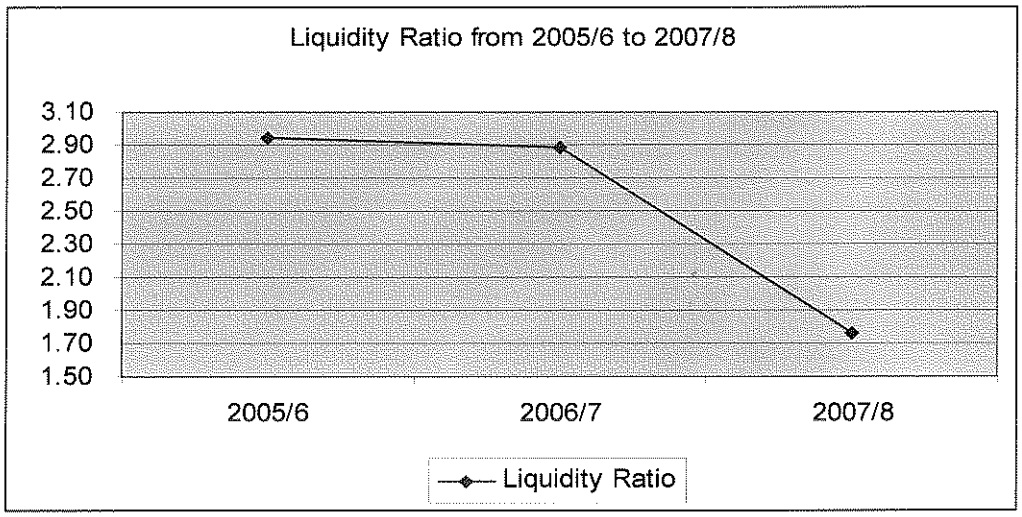
More information regarding loans and investments are disclosed in notes to the annual financial statements, as well as in Annexure "A" to the Annual Financial Statements.

External Loans

No external loans have been taken up during the financial year. The INCA loan will be redeemed in the 2008/9 financial year. A specific investment was made when the loan was taken up, to provide for the redemption of the loan. In the 2008/9 Budget provision was made for electricity projects to the value of R 50 million to be financed from a new loan to be taken up on maturity of the existing loan.

Investments and cash

Over the years the municipality managed to maintain a good balance sheet. Although the ratios have been sound the first signals of a downward trend could be observed during the year. The municipality have got unspent grants in excess of R 140 million. This means that the increase in cash and investment is lower than the increase in unspent grant – indicating a net decrease cash and investments.



7. FUNDS AND RESERVES

Due to the surplus it was possible to contribute an amount of R 42 million to the CRR as was indicated in the Long Term Financial plan. The engineering services contributions as well as the land sales in excess of the budget were also transferred to the CRR. An additional contribution was also made to the Self-Insurance Reserve to get the value of the reserve to 2.5% of the total book value of assets. The target in term of the Accounting policy was set at 5%. The phasing in to that level will be the better option.

8. DEBTORS

Outstanding consumer debtors increased to R 843 million as at 30 June 2008. There were credit control actions taken with regard to water and electricity consumers during the under review, however no debt collection actions took place. The effect thereof is clearly noticeable in the increase in debtors. The municipality has planned to appoint a new credit control agent in the new financial year to assist with debt collection.

Another project, already implemented, is aimed at addressing the backlog with regard to meters reported by the meter readers. This will improve the correctness of the accounts and will also assist with regard to reducing of the un-metered consumptions and reducing of the distribution loss.

The implementation of the property rates act was postponed for another year. The implementation date has been postponed to 1 July 2009.

The payment level is currently in the region of 83% and if this ratio is not increased substantially, cash flow difficulties could be experienced. All roll players should assist to get to a point where the payment level is above 90%.

9. POST BALANCE SHEET EVENTS

No known material transactions or events occurred after year end that could have a material influence on the financial position of the Municipality as disclosed in the Balance Sheet at 30 June 2008.

10. VACANCIES

The Finance Directorate operated under very difficult circumstances during the year under review. The position of the CFO was vacant for the better part of the year and only one of the four management positions in the directorate was permanently filled. In addition the directorate operated with a vacancy rate in the region of 40%.

A skills survey was done in the directorate and the result indicated an enormous skills shortage. Almost no skills existed on certain levels.

The appointment of a service provider to assist with reconciliations, training and capacity building over the next three years was a step in the right direction. In the first three months after the appointment substantial progress has been made with the matters raised by the Auditor General in the 2006/7 Audit Report.

11. EXPRESSION OF APPRECIATION

I am grateful to the Mayor, the Speaker and members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support they have given me.

A special word of thanks to the staff of my Directorate, for without their loyalty and hard work the Council's financial administration would not have been possible.

.....

S SHONGWE
CHIEF FINANCIAL OFFICER
Rustenburg Local Municipality
28 August 2008

RUSTENBURG LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	Note	2008 R	2007 R
NET ASSETS AND LIABILITIES			
Net assets		**1,208,444,732**	**1,135,017,082**
Housing Development Fund	1	16,379,068	63,771,481
Capital replacement reserve		211,406,142	234,943,847
Capitalization reserve		216,882,027	246,508,261
Government grant reserve		382,800,161	309,374,833
Donations and public contribution reserves		21,870,225	11,762,500
Self-insurance reserve		21,875,000	16,178,141
Accumulated Surplus/(Deficit)		337,232,109	252,478,019
Non-current liabilities		**57,652,501**	**109,650,935**
Long-term liabilities	2	54,652,501	106,650,935
Non-current provisions	3	3,000,000	3,000,000
Current liabilities		**409,733,147**	**227,089,134**
Consumer deposits	4	19,659,723	18,589,226
Provisions	5	977,239	1,233,376
Creditors	6	156,204,479	135,509,535
Unspent conditional grants and receipts	7	142,648,944	33,701,542
VAT	8	38,244,328	36,345,351
Current portion of long-term liabilities	2	51,998,434	1,710,103
Total Net Assets and Liabilities		**1,675,830,380**	**1,471,757,150**
ASSETS			
Non-current assets		**947,381,974**	**807,269,509**
Property, plant and equipment	9	874,172,554	738,469,716
Investments	10	67,109,202	59,679,393
Long-term receivables	11	6,100,218	9,120,400
Current assets		**728,448,406**	**664,487,642**
Inventory	12	14,217,517	12,976,689
Consumer debtors	13	163,179,148	158,049,585
Other debtors	14	14,882,443	13,422,799
Current portion of long-term receivables	11	215,912	435,725
Short-term fixed deposits	15	424,777,952	329,594,080
Bank balances and cash	16	111,175,434	150,008,763
Total Assets		**1,675,830,380**	**1,471,757,150**

RUSTENBURG LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

Budget			Actual	
2008 R		Note	2008 R	2007 R
	REVENUE			
94,215,000	Property rates	17	96,188,315	86,741,755
765,943,300	Service charges	18	719,786,114	652,733,542
5,872,076	Rental of facilities and equipment		4,547,078	40,766,099
38,357,120	Interest earned - investments		64,351,217	43,085,501
30,000,000	Interest earned - debtors		50,270,514	31,692,624
2,319,980	Fines		3,225,523	4,340,411
-	Dividends received		12,871	10,657
6,590,207	Licenses and permits		6,012,255	4,321,819
11,002,000	Income from Agency services		9,014,448	7,090,569
473,919,707	Government grants and subsidies	19	419,690,414	290,965,088
26,213,564	Other income	20	31,689,896	22,433,653
3,500,000	Gains on disposal of PPE		7,518,244	7,329,948
(6,135,200)	Less: Income foregone		(2,129,672)	(885,864)
1,451,797,754	**Total Revenue**		**1,410,177,217**	**1,190,625,802**
	EXPENDITURE			
205,912,502	Employee related costs	21	198,402,777	167,835,596
14,558,727	Remuneration of Councillors	22	14,003,778	13,308,449
114,812,160	Bad debts provision		124,375,000	101,275,636
4,023,058	Collection costs		4,737,438	11,034,933
66,250,801	Depreciation		75,098,833	64,777,602
26,480,889	Repairs and maintenance		24,353,643	20,158,301
14,056,197	Interest paid	23	15,486,699	12,939,220
536,873,100	Bulk purchases	24	479,934,471	414,944,923
56,582,051	Contracted services		58,499,854	47,273,428
413,000	Grants and subsidies paid	25	357,986	161,667
474,310,465	General expenses	26	296,191,253	206,052,484
-	Loss on disposal of PPE		360,921	-
-	Provisions to leave and insurance		-	5,598,422
1,514,272,950	**Total Expenditure**		**1,291,802,653**	**1,065,360,661**
(62,475,196)	**SURPLUS/(DEFICIT) FOR THE YEAR**		**118,374,564**	**125,265,141**

Refer to Appendix E(1) for the comparison with the approved budg

RUSTENBURG LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	Pre-GAMAP Reserves and Funds R	Housing Develop. Fund (Internal) R	Housing Develop. Fund (Grant) R	Capital Replacement Reserve R	Capitalization Reserve R	Government Grant Reserve R	Donations and Public Contribution Reserve R	Self-Insurance Reserve R	Accumulated Surplus/ (Deficit) R	Total R
2007										
Balance at 1 July 2006	-	4,327,785	31,896,720	277,051,987	307,583,755	269,797,315	11,075,989	14,633,430	64,747,345	981,114,326
Correction of error									3,940,214	3,940,214
Correction of error - Contributions				19,284,218					(19,284,218)	-
Correction of error - off-setting of depreciation					(36,383,085)				36,383,085	-
Change in accounting policy										-
Restated balance	-	4,327,785	31,896,720	296,336,205	271,200,670	269,797,315	11,075,989	14,633,430	85,786,426	985,054,540
Surplus/(deficit) for the year									125,265,141	125,265,141
Transfer to CRR				4,824,732					(4,824,732)	-
Capital grants used to purchase PPE				(90,902,422)					90,902,422	-
Contribution from Acc.Surplus: Assets purchased					7,235,914	59,333,583	2,014,590		(68,584,087)	-
Contribution to Insurance Reserve								593,244	-	593,244
Contribution from Insurance Reserve								(100,000)	-	(100,000)
Insurance claims processed								(252,372)	-	(252,372)
Net increase in Housing Development Fund			24,456,529						-	24,456,529
Transfer to Housing Development Fund			2,704,841						(2,704,841)	-
Contributions to Funds and Reserves-Interest		385,606		24,685,332				1,303,838	(26,374,776)	-
Asset disposals									-	-
Offsetting of depreciation					(31,928,322)	(19,756,065)	(1,328,079)		53,012,466	-
Balance at 30 June 2007	-	**4,713,391**	**59,058,090**	**234,943,847**	**246,508,262**	**309,374,833**	**11,762,500**	**16,178,140**	**252,478,019**	**1,135,017,082**
2008										
Correction of errors - various					(5)	5			6,205,441	6,205,441
Change in accounting policy										-
Restated balance	-	**4,713,391**	**59,058,090**	**234,943,847**	**246,508,257**	**309,374,838**	**11,762,500**	**16,178,140**	**258,683,460**	**1,141,222,523**
Surplus/(deficit) for the year									118,374,564	118,374,564
Transfer to CRR				50,427,453					(50,427,453)	-
Capital grants used to purchase PPE				(102,228,902)					102,228,902	-
Contribution from Acc.Surplus: Assets purchased						97,362,068	11,571,623		(108,933,691)	-
Contribution to Insurance Reserve - Vehicles								240,066	(240,066)	-
Contribution to Insurance Reserve								3,844,927	(3,844,927)	-
Contribution from Insurance Reserve								(334,363)	334,363	-
Net decrease in Housing Development Fund			(50,066,947)						-	(50,066,947)
Transfer to Housing Development Fund									-	-
Contribution to 2010 FIFA World Soccer-Interest									(1,085,406)	(1,085,406)
Contributions to Funds and Reserves-Interest		567,021	2,107,514	28,263,745				1,946,230	(32,884,510)	-
Asset disposals					(329,619)	(16,394)			346,013	-
Offsetting of depreciation					(29,296,611)	(23,920,351)	(1,463,898)		54,680,860	-
Balance at 30 June 2008	-	**5,280,412**	**11,098,657**	**211,406,143**	**216,882,027**	**382,800,161**	**21,870,225**	**21,875,000**	**337,232,109**	**1,208,444,734**

RUSTENBURG LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008	2007 Restated
		R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		1,490,717,997	1,154,513,060
Cash paid to suppliers and employees		(1,325,389,639)	(971,963,874)
Cash generated from/(utilized in) operations	28	165,328,358	182,549,186
Interest received		114,621,731	74,778,125
Interest paid		(15,486,699)	(12,939,220)
NET CASH FROM OPERATING ACTIVITIES		264,463,390	244,388,091
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(211,162,592)	(179,486,509)
Proceeds on disposal of property, plant and equipment		7,879,165	7,940,273
(Increase)/decrease in non-current receivables		3,239,995	3,012,909
Increase in non-current investments		(7,429,810)	(7,426,109)
NET CASH FROM INVESTING ACTIVITIES		(207,473,241)	(175,959,437)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		(1,710,103)	18,885,219
Increase in consumer deposits		1,070,497	1,774,710
NET CASH FROM FINANCING ACTIVITIES		(639,606)	20,659,929
NET INCREASE IN CASH AND CASH EQUIVALENTS		**56,350,543**	**89,088,583**
Cash and cash equivalents at the beginning of the year	29	**479,602,843**	**390,514,260**
Cash and cash equivalents at the end of the year	29	**535,953,386**	**479,602,843**
		(56,350,543)	**(89,088,583)**

RUSTENBURG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP).

The Standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changing in Accounting Estimates and Errors
GAMAP 4	Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Assets
GAMAP 6, 7 & 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements.	

The Municipality may have transactions, events or balances that are outside the ambit of GAMAP and GRAP but which are included in Standards of International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants N Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board or Generally Accepted Accounting Practice issued by the South African Accounting Practices Board and the South African Institute of Chartered Accountants. The Municipality has not complied with the measurement, recognition and disclosure requirements of those accounting standards.

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the Standards listed above. Details of the exemptions offered and applied for have been listed together with an indication of the process that the municipality will follow regarding plans to implement the exemptions in the notes to the Annual Financial Statements.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below:

2. PRESENTATION CURRENCY

These Annual Financial Statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These Annual Financial Statements have been prepared on a going concern basis.

4. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

5. RESERVES

5.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The following provisions are set for the creation, feasibility and utilization of the CRR:

- The cash funds which back up the CRR are invested until utilized. The cash may only be invested in accordance with the investment policy of the Municipality.
- The CRR can only be utilised to finance items of property, plant and equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised.
- Profit on the sale of land during a financial year is reflected in the Statement of Financial Performance. Profit on the sale of land more than budgeted is transferred annually via the Statement of Changes in Net Assets to the CRR, provided that it cash backed.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

5.2 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus in terms of a directive (budget circular) issued by National Treasury.

Capitalisation Reserve (Continued)

The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus.

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus.

5.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus via the Statement of Changes in Net Assets.

5.4 Public Contributions Reserve

When items of property, plant and equipment are financed from donations or public contributions, a transfer is made from the accumulated surplus to the Public Contributions Reserve equal to the donations or public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Public Contributions Reserve to the accumulated surplus.

The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from donations and public contributions is disposed, the balance in the Public Contributions Reserve relating to such item is transferred to the accumulated surplus.

5.5 Self-Insurance Reserve

The Municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally and/or cover the cost of excess payments when claims arise on assets insured externally.

The balance of the Self-Insurance Reserve is annually determined and adjusted after the compilation of the Annual Financial Statements to at least 2, 5% of the carrying value of property, plant and equipment on 30 June, subject to the past claims history and the insurance risk carried by the Municipality. The Self-Insurance Reserve is maintained by a transfer to the accumulated surplus. Short-term investments are earmarked and set aside to ensure that the reserve is cash backed.

Claims and/or excess payments are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

Interest earned on the balance of the Self-Insurance Reserve is recorded as interest earned in the Statement of Financial Performance and is transferred to the Self-Insurance Reserve via the Statement of Changes in Net Assets as a contribution.

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

	Years	*Other*	Years
Infrastructure			
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
Community		Specialised plant and equipment	10-15
Buildings 30		Other items of plant and equipment	2-5
Recreational Facilities	20-30	Landfill sites	15
Security	5		

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

7. REVALUATION OF LAND AND BUILDINGS

Land and buildings are stated at historical cost and no revaluation is done.

8. INVESTMENTS

8.1 Financial Instruments

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8.2 Investment in Municipal Entities

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post-acquisition results of these investments.

9. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

10. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

11. TRADE CREDITORS

Trade creditors are stated at their nominal value.

12. REVENUE RECOGNITION

12.1 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

12.1 Revenue from Exchange Transactions (continued)

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

12.2 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

13. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

14. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

15. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

16. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

19. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

20. LEASES

The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

21. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable.

22. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

23. COMPARATIVE INFORMATION

20.1 Current year comparatives:

Budgeted amounts have been included in the Annual Financial Statements for the current financial year only.

20.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

	2008 R	2007 R
1 HOUSING DEVELOPMENT FUND		
Housing Development Fund	**16,379,068**	**63,771,481**
Unappropriated Surplus	11,098,657	59,058,090
Loans extinguished by Government on 1 April 1998 (Old Housing Development Fund)	5,280,411	4,713,390
The Housing Development Fund is represented by the following assets and liabilities		
Bank Account	20,995,560	55,513,999
Unspecified income related to Housing	(469,447)	-
Debtors - VAT claimable	4,863,974	2,015,769
Creditors-housing	(15,500,068)	(2,205,405)
Other	(84,903)	(169,053)
Housing - retention	(5,479,074)	(2,869,834)
Adjustments to VAT pay over	151,085	151,085
Amount to be carried from Primary Account to ring fence housing	6,621,529	6,621,529
Total Housing Development Fund Assets and Liabilities	**11,098,657**	**59,058,090**
2 LONG-TERM LIABILITIES		
Other long-term loans		
- INCA Loan	50,000,000	50,000,000
- ABSA Loan - First draw down	18,237,943	18,883,046
- ABSA Loan - Second draw down	18,910,316	19,477,991
- ABSA Loan - Third and final draw down	19,502,675	20,000,000
Sub-total	106,650,934	108,361,037
Less : Current portion transferred to current liabilities	51,998,434	1,710,103
- INCA loan - Redeemable in April 2009	50,000,000	-
- ABSA Loan - First draw down - 30 June 2005	748,788	645,103
- ABSA Loan - Second draw down - 30 June 2006	663,525	567,675
- ABSA Loan - Third and final draw down - 30 June 2007	586,120	497,325
Total External Loans	**54,652,501**	**106,650,935**

Refer to Appendix A for more detail on long-term liabilities

INCA Loan

Bears interest at 16.5% per annum and will be fully redeemed with a redemption fund investment made at INCA specifically for this purpose. The loan will be redeemed on 23 April 2009. Refer to note on investments on the current value of the redemption fund. Agreement have already been reached with INCA that a new loan of R50 million will be granted to the municipality.

	2008 R	2007 R
ABSA Loan		
Bears respectively interest from first draw down at 11.92%, 12.02% and 12.14% and is repayable within 15 years from drawdown.		

3 NON-CURRENT PROVISIONS

Provision for long-service	3,000,000	3,000,000
Total Non-Current Provisions	**3,000,000**	**3,000,000**

The long-service award is payable after every 5 years of continuous service.
The provision is an estimate of the long-service based on historical staff turnover.

The movement in the provision for long-service awards are reconciled as follows: -

Balance at beginning of year	4,233,376	4,159,153
Contributions to provision	-	74,224
Expenditure incurred/leave taken	(256,137)	-
Transfer to current provisions	(977,239)	(1,233,376)
Balance at end of year	**3,000,000**	**3,000,000**

4 CONSUMER DEPOSITS

Electricity and Water	**19,659,723**	**18,589,226**
No interest are paid on consumer deposits received.		
Guarantees held in lieu of Electricity and Water Deposits	**30,706,801**	**28,097,117**

5 PROVISIONS

Current portion of long-service provision (see note 3 above)	977,239	1,233,376
Total Provisions	**977,239**	**1,233,376**

The movement in the current portion of long-service provisions are reconciled as follows:

Balance at beginning of year	1,233,377	1,159,153
Transfer from non-current	-	74,224
Contributions to provision	-	-
Expenditure incurred / leave taken	(256,137)	-
Balance at end of year	**977,239**	**1,233,377**

	2008 R	2007 R
6 CREDITORS		
Trade creditors	85,247,873	79,642,002
Payments received in advance	14,857,656	8,906,913
Retentions	16,351,690	9,253,170
Staff leave	19,232,720	16,579,145
Unspecified income/unallocated grants	12,412,205	12,036,941
Other creditors	8,102,335	9,091,364
Total Creditors	**156,204,479**	**135,509,535**
7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
7.1 Conditional Grants from other spheres of Government		
MIG Grants	44,161,004	8,264,726
Bojanala Platinum District Municipality	3,751,950	4,678,970
Finance Management Grant	3,462,676	3,462,676
Public Transport Infrastructure	31,292,786	2,578,876
Other conditional grants - Upgrading of fire stations	3,500,000	-
DASA - Tlhabane Library Grant	2,835,854	5,488,645
Umsobomvu Youth Fund		130,205
FIFA 2010 World Cup - See also note 16.3	48,362,926	4,057,991
MSIP Grant	257,825	111,275
IMMIS Grant		159,035
DWAF Greening Strategy	19,933	100,000
Magalies Water	1,986,498	1,200,000
SEED funding	1,123,427	1,123,426
DWAF - Water Services Development Plan	497,580	497,580
DME - Boitekong	622,357	675,810
IDP Grant		114,103
7.2 Other Conditional Receipts		
Public contributions	774,128	1,058,224
Total Conditional Grants and Receipts	**142,648,944**	**33,701,542**

See Note 19 for reconciliation of grants from other spheres of government.
These amounts are not yet invested in a ring-fenced investment until utilized.

8 VAT		
Net VAT payable	**38,244,328**	**36,345,351**

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

9. PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2008

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing (Rental Old Age)	Leased infrastructure	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2007	78,915,716	521,747,140	53,620,747	429,115	80,193,569	3,563,429	-	738,469,716
Cost after reclassification	108,030,193	854,771,938	97,944,386	429,115	166,063,185	4,753,493	-	1,231,992,310
Cost	108,030,193	854,771,938	97,944,386	429,115	166,063,185	4,753,493	-	1,231,992,310
Correction of reclassification	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation after reclassification	29,114,477	333,024,798	44,323,639	-	85,869,616	1,190,064	-	493,522,594
Cost	29,114,477	333,024,798	44,323,639	-	85,869,616	1,190,064	-	493,522,594
Correction of reclassification	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Acquisitions	32,189,681	143,545,277	2,304,118	-	33,123,516	-	-	211,162,592
Capital under Construction								
Increases/decreases in revaluation	-	-	-	-	-	-	-	-
Depreciation	2,580,291	45,708,929	3,871,008	-	22,794,808	143,797	-	75,098,833
- based on cost	2,580,291	45,708,929	3,871,008	-	22,794,808	143,797	-	75,098,833
- based on revaluation								
Carrying value of disposals	-	10,864	-	-	350,057	-	-	360,921
Cost/revaluation	-	20,296	-	-	5,450,630	-	-	5,470,926
Accumulated depreciation	-	(9,432)	-	-	(5,100,573)	-	-	(5,110,005)
Impairment losses								
Other movements								
Carrying values at 30 June 2008	108,525,106	619,572,624	52,053,857	429,115	90,172,220	3,419,632	-	874,172,554
Cost	140,219,874	998,296,919	100,248,504	429,115	199,736,071	4,753,493	-	1,443,683,976
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	31,694,768	378,724,295	48,194,647	-	109,563,851	1,333,861	-	569,511,422
- Cost	31,694,768	378,724,295	48,194,647	-	109,563,851	1,333,861	-	569,511,422
- Revaluation	-	-	-	-	-	-	-	-

30 JUNE 2007

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing (Rental Old Age)	Leased infrastructure	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2006	70,993,051	441,549,592	55,008,743	429,115	52,073,475	3,706,833	-	623,760,809
Cost after reclassification	97,401,948	751,893,945	95,547,958	429,115	122,165,982	4,753,493	-	1,052,505,801
Cost	102,165,396	691,166,480	92,261,315	466,589	161,640,495	4,781,926	-	1,052,505,801
Correction of reclassification	(4,287,078)	40,527,465	3,280,653	(37,474)	(39,475,133)	(28,433)	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation after reclassification	26,408,897	290,344,353	40,533,225	-	70,091,887	1,046,660	-	428,744,992
Cost	29,530,516	284,418,331	38,233,706	8,843	75,499,920	1,053,378	-	428,744,992
Correction of reclassification	(2,601,949)	5,726,022	2,299,519	(8,843)	(5,408,033)	(6,716)	-	-
Revaluation	-	-	-	-	-	-	-	-
Acquisitions	10,108,275	123,077,993	2,402,418	-	43,897,823	-	-	179,486,509
Capital under Construction								
Increases/decreases in revaluation	-	-	-	-	-	-	-	-
Depreciation	2,185,610	42,880,445	3,790,414	-	15,777,729	143,404	-	64,777,602
- based on cost	2,185,610	42,880,445	3,790,414	-	15,777,729	143,404	-	64,777,602
- based on revaluation								
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Impairment losses								
Other movements								
Carrying values at 30 June 2007	78,915,716	521,747,140	53,620,747	429,115	80,193,569	3,563,429	-	738,469,716
Cost	108,030,193	854,771,938	97,944,386	429,115	166,063,185	4,753,493	-	1,231,992,310
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	29,114,477	333,024,798	44,323,639	-	85,869,616	1,190,064	-	493,522,594
- Cost	29,114,477	333,024,798	44,323,639	-	85,869,616	1,190,064	-	493,522,594
- Revaluation	-	-	-	-	-	-	-	-

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, the municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done before 30 June 2010.

	2008 R	2007 R
10 INVESTMENTS		
Listed		
- Sanlam shares	90,728	90,728
Unlisted		
- Investment in Municipal Entities - at cost - Rustenburg Water Services Trust	1,000	1,000
Financial Instruments		
- Fixed Deposits	67,017,475	59,587,665
Total Investments	67,109,202	59,679,393
Fixed Deposits of R45 557 315 (2007: R39 483 178) are ring fenced for the purpose of repaying long-term liabilities as set out in note 2.		
Market valuation of listed investments		
Sanlam shares	**229,744**	**266,728**
Council's valuation of unlisted investments		
Investment in Municipal Entity: Rustenburg Water Services Trust	**1,000**	**1,000**
Investment in Municipal Entity: Rustenburg Water Services Trust (RWST)		
Percentage owned by Council (%)	100%	100%
Indebtness of Municipal Entities (R)	4,182,547	4,115,610
Dividend received (R)	-	-
Management fees received (R)	-	-
Purification charges paid to RWST	26,756,598	22,852,760
Purified water purchased from RWST(Irrigation pipeline revenue)	156,257	402,400
Potable water purchased from Kloof Water Works	307,103	-
Bospoort Purified Potable Water	14,509,360	12,879,824
11 LONG-TERM RECEIVABLES		
Consumer debtors transferred to long-term debtors (Wa Wina-project)	**1,489,440**	**4,315,540**
Wa Wina-cost recovery project	121,489,440	124,315,540
Less: Provision for doubtful debts	(120,000,000)	(120,000,000)
Loans - Sale of Stands	468,147	490,358
Vehicle Loans	170,647	561,079
Finance lease to Rustenburg Water Services Trust (Municipal Entity)	4,062,482	3,889,679
Individual Housing Building Scheme	5,348	73,538
Rustenburg Water Services Trust	120,065	225,931
	6,316,130	**9,556,125**
Less : Current portion transferred to current receivables	**(215,912)**	**(435,725)**
Loans - Sale of Stands	(55,525)	(28,082)
Vehicle Loans	(108,502)	(340,875)
Finance lease to Rustenburg Water Services Trust	(46,536)	-
Individual Housing Building Scheme	(5,348)	(66,768)
Total Receivables	**6,100,218**	**9,120,400**
LOANS TO MUNICIPAL ENTITIES		
No new loans were made to the municipal entity.		
CAR LOANS		
8% and 16% per annum and which are repayable over a maximum period of 6 years. No new loans were granted since the implementation of the MFMA on 1 July 2004.		
HOUSING SCHEME LOANS		
Housing loans were granted to qualifying individuals in terms of the provincial administrations housing programme. These loans attract interest of 13,5% per annum and are repayable over 20 years.		
12 INVENTORY		
Consumable stores – at cost	461,612	428,700
Maintenance materials – at cost	10,941,781	9,491,386
Spare parts – at net realizable value	75,939	109,039
Protective clothing - at cost	401,993	93,831
Water – at cost	204,490	199,640
Unsold properties held for resale – at net realizable value	2,131,702	2,654,092
Total Inventory	**14,217,517**	**12,976,689**
The infrastructure portion of unsold properties held for resale was capitalized in accordance with the prescribed accounting standard. See note 27 for further		

	2008 R	2007 R

13 CONSUMER DEBTORS

	Gross Balances	Provision for Bad debts	Net Balances
As at 30 June 2008			
Service debtors	**840,384,153**	**676,161,973**	**164,222,180**
Rates	95,848,422	77,118,372	18,730,050
Electricity	100,039,286	80,490,286	19,549,000
Water	265,343,552	213,491,912	51,851,640
Refuse	93,120,437	74,923,472	18,196,965
Sewerage	77,313,175	62,205,158	15,108,017
Other	208,719,281	167,932,773	40,786,508
Housing rentals	2,284,436	1,838,027	446,409
Sub-Total	**842,668,589**	**678,000,000**	**164,668,589**
Less: Consumer debtors transferred under Wa Wina project to Long-term Debtors	(121,489,441)	(120,000,000)	(1,489,441)
Total: Consumer debtors	**721,179,148**	**558,000,000**	**163,179,148**
As at 30 June 2007			
Service debtors	**713,897,489**	**552,006,911**	**161,890,578**
Rates	82,627,165	63,889,798	18,737,367
Electricity	85,814,473	66,354,320	19,460,153
Water	239,065,727	184,852,777	54,212,950
Refuse	80,238,408	62,042,739	18,195,669
Sewerage	66,796,933	51,649,388	15,147,545
Other	159,354,783	123,217,889	36,136,894
Housing rentals	2,092,636	1,618,089	474,547
Sub-total	**715,990,125**	**553,625,000**	**162,365,125**
Less: Consumer debtors transferred under Wa Wina project to Long-term Debtors	(124,315,540)	(120,000,000)	(4,315,540)
Total: Consumer debtors	**591,674,585**	**433,625,000**	**158,049,585**

Consumer debtors: Ageing		
Current	89,140,048	87,954,341
30 Days (0 – 30 days)	34,191,735	37,780,888
31 - 60 Days	22,854,973	25,152,184
61 - 90 Days	22,576,832	28,219,187
91 - 120 Days	27,756,854	17,208,076
120+ Days	524,658,706	395,359,909
Total	**721,179,148**	**591,674,585**
Rates: Ageing		
Current	7,539,902	6,898,635
30 Days (0 – 30 days)	4,534,756	4,057,133
31 - 60 Days	2,796,792	2,561,268
61 - 90 Days	2,256,200	2,306,624
91 - 120 Days	2,058,011	2,210,059
120+ Days	62,052,430	49,581,642
Total	**81,238,091**	**67,615,361**
(Electricity, Water, Sewerage, refuse and other): Ageing		
Current	81,409,655	81,055,706
30 Days (0 – 30 days)	29,555,614	33,610,449
31 - 60 Days	20,019,708	22,529,698
61 - 90 Days	20,281,143	25,861,099
91 - 120 Days	25,673,996	14,936,594
120+ Days	460,716,504	343,973,042
Total	**637,656,620**	**521,966,588**

	2008 R	2007 R
Housing rentals: Ageing		
Current	190,491	-
30 Days (0 – 30 days)	101,365	113,306
31 - 60 Days	38,473	61,218
61 - 90 Days	39,488	51,464
91 - 120 Days	24,847	61,423
120+ Days	1,889,773	1,805,225
Total	2,284,437	2,092,636

Summary of debtors by Customer Classification as at 30 June 2008

	Residential	Other	Industrial & Commercial	National & Provincial Government
Current	29,542,033	24,994,692	43,320,086	106,613
30 Days (0 – 30 days)	23,506,423	3,595,486	6,187,323	12,826
31 - 60 Days	17,613,204	2,024,921	2,258,849	7,571
61 - 90 Days	14,076,955	5,792,934	1,681,460	6,639
91 - 120 Days	14,058,342	10,868,763	2,190,618	5,765
120+ Days	441,308,890	36,226,487	41,707,795	84,476
Total	**540,105,847**	**83,503,283**	**97,346,131**	**223,890**

The summary of debtors by Customer Classification as at 30 June 2007 is not available as a comparative amount as it is the first time that the reporting systems allow for such information to be disclosed

Reconciliation of the bad debt provision		
Balance at beginning of the year	553,625,000	452,349,364
Contributions to provision	124,375,000	101,275,636
Bad debts written off against provision	-	-
Reversal of provision	-	-
Balance at end of year	**678,000,000**	**553,625,000**

Bad debts to the amount of R 608 524 (2007: R 6 571 333) was written off during the year.

14 OTHER DEBTORS

Grant Debtors - Capital Projects	6,389,891	7,543,615
Study Bursaries to employees	888,400	486,555
Austrian Government - Capital Projects: Lethabong	1,827,394	1,827,394
Interest Receivable	4,550,312	2,659,041
Other	1,226,445	906,194
Total Other Debtors	**14,882,443**	**13,422,799**

15 SHORT-TERM FIXED DEPOSITS

- ABSA	90,000,000	50,000,000
- Nedbank (CRR)	75,000,000	50,000,000
- First National Bank	100,000,000	100,000,000
- Sanlam (CRR)	27,221,397	24,600,125
- ABSA - Guarantee deposit	590,000	590,000
- Kagiso Asset Management (Self Insurance Reserve and Development of Housing)	26,966,555	24,403,955
- Standard Bank (CRR)	105,000,000	80,000,000
	424,777,952	**329,594,080**

Certain of the above deposits have been earmarked to cover the balance of the Capital Replacement Reserve (CRR), the Self-Insurance Reserve and Development of Housing. The average interest earned on these fixed deposits

	2008 R	2007 R
16 BANK, CASH AND OVERDRAFT BALANCES		
16.1 Current Account (Primary Bank Account)		
ABSA, Rustenburg branch		
Account number: 1220 000 458		
Cash book balance at beginning of year	90,411,313	48,456,683
Cash book balance at end of year	41,788,587	90,411,313
Bank statement balance at beginning of year	106,732,049	81,993,256
Bank statement balance at end of year	99,099,207	106,732,049
The Municipality does not have any overdraft facilities.		
16.2 Housing Development Account		
ABSA, Rustenburg branch		
Account number: 405 461 7192		
Cash book balance at beginning of year	55,513,999	21,206,334
Cash book balance at end of year	20,995,560	55,513,999
Bank statement balance at beginning of year	63,870,481	39,020,747
Bank statement balance at end of year	21,339,700	63,870,481
16.3 2010 FIFA World Soccer Bank account		
ABSA, Rustenburg branch		
Account number: 40-6760-2132		
Cash book balance at beginning of year	4,057,991	-
Cash book balance at end of year	48,362,926	4,057,991
Bank statement balance at beginning of year	4,057,991	-
Bank statement balance at end of year	52,362,926	4,057,991
Bank and cash balances at end of year:		
- Bank balances as disclosed above	111,147,074	149,983,303
- Cash on hand	28,360	25,460
	111,175,434	**150,008,763**
17 PROPERTY RATES		
Actual		
Residential	55,216,497	49,499,107
Commercial	35,370,101	31,834,129
Agricultural	1,868,275	1,795,643
State	3,733,442	3,612,876
Total Assessment Rates	**96,188,315**	**86,741,755**
Property Valuations: Site values only	***June 2008***	***June 2007***
Residential	1,310,529,450	1,252,084,951
Commercial	436,013,000	415,246,800
Industrial	31,585,000	30,852,000
Municipal	7,706,300	7,487,300
Agricultural	300,319,164	300,649,164
State	177,935,220	184,155,220
Churches	803,800	389,000
Educational	3,869,900	3,381,900
Total Property Valuations: Sites	**2,268,761,834**	**2,194,246,335**

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 October 2003 and will be effective until 30 June 2009, when the new Property Rates Act will be implemented together with a new valuation roll. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions. A general rate of 4.10 cent (2007: 4.31 cent) in the rand on land value only is applied to property valuations to determine assessment rates. Rebates of between 20% and 40% is given to pensioners depending on their gross monthly income.

18 SERVICE CHARGES		
Sale of electricity	491,958,180	429,561,802
Sale of water	157,625,312	156,766,400
Refuse removal	35,903,601	32,812,337
Sewerage and sanitation charges	34,299,021	33,593,003
Total Service Charges	**719,786,114**	**652,733,542**

	2008 R	2007 R
19 GRANTS AND SUBSIDIES		
- From organs of the State on National level		
Equitable share	97,332,244	87,838,527
Provincial health subsidies	1,065,185	542,000
2010 FIFA WCSD	76,215,000	-
MIG Grant	74,753,651	41,317,711
Housing project grants	137,685,254	130,568,960
Skills levy	23,040	818,026
Department of Water Affairs and Forestry	80,067	500,000
Department of Minerals & Energy	11,795,772	5,189,414
Municipal Infrastructure Grant for PMU	-	1,630,444
Integrated Transport Study Grant	2,013,133	-
Integrated Development Grant	114,104	-
Finance Management Grant	250,000	866,685
PTIS	2,272,957	-
Seta: EPWP training	-	1,447,555
Department of Sports, Arts & Culture	3,114,600	2,950
IMMIS grant	159,035	88,725
Municipal Systems Improvement Grant	153,450	190,965
- From organs of the State on Provincial Level		
Kanana Building for Sport and Recreation Programme	-	105,821
CBD Study grant: LED	-	36,920
Fire and Emergency	-	1,421,123
- Private grants/subsidies		
Development of Communications Strategy: BPDM	-	16,523
DBSA - City Development Agency	449,991	571,827
Library, Information & Educational network: Mines	-	395,764
Business Advice Centre: Anglo Platinum	-	86,768
Tribal authority grant	1464744	0
Mines	210,848	75,000
- From other municipalities		
Local Government SETA: ABET	657,666	110,610
BPDM - Cleaning of cemeteries/LED Business Plans & other	9,746,221	15,128,181
		-
Other	133,452	2,014,589
	419,690,414	**290,965,088**

Total Government Grant and Subsidies
The municipality has complied with all the conditions set by the transferring organ of State or the conditions set by the other institutions who made allocations to the municipality. The unspent portion of conditional allocations are disclosed as unspent conditional grants on the face value of the Statement of Financial Position of the municipality.

R35,8 million destined for the municipality in terms of the Division of Revenue Act were stopped during 2007 due to significant under expenditure on the Municipal Infrastructure Grant. Refer to Government Notice No. 29755 dated 29 March 2007.

19.1 Equitable Share
In terms of the Constitution, this grant is used to subsidize the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R347 (2007: R333) if the household income is below R940 per month. If household income is more then R940 but less than R1880 per month, only 50% of the subsidy is allocated to the indigent household.

19.2 Provincial Health Subsidies		
Balance unspent at beginning of year	-	-
Current year receipts - included in public health vote	1,065,185	542,000
Conditions met - transferred to revenue	(1,065,185)	(542,000)
Conditions still to be met - transferred to liabilities (see note 7)	-	-

The Municipality renders health services on behalf of the Provincial Government and is only refunded approximately 25% of total expenditure incurred. This grant has been used exclusively to fund clinic services.

19.3 MIG Grant		
Balance unspent at beginning of year	8,264,725	-
Current year receipts	112,647,527	49,582,436
Conditions met - transferred to revenue	(76,751,248)	(41,317,711)
Conditions still to be met - transferred to liabilities (see note 7)	**44,161,004**	**8,264,725**

This grant was mainly used for infrastructure development. R 35 820 000 was stopped in 2007 due to under expenditure by the municipality.

19.4 Grant from Bojanala Platinum District Municipality		
Balance unspent at beginning of year	4,678,968	-
Current year receipts	9,334,121	19,807,149
Conditions met - transferred to revenue	(10,261,139)	(15,128,181)
Conditions still to be met - transferred to liabilities (see note 7)	**3,751,950**	**4,678,968**

	2008 R	2007 R

19.5 Changes in levels of government grants

Based on the allocations set out in the latest Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

20 OTHER INCOME

Service connections	12,390,952	7,743,434
Reconnection fees	4,858,280	3,748,680
Telephone fees recovered	584,509	541,821
Tender document fees	1,744,455	356,135
Engineering services (also contributed to CRR)	3,848,351	-
Recoverable expenditure	1,289,543	4,523,661
Other	6,973,806	5,519,922
Total Other Income	**31,689,896**	**22,433,653**

21 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	127,244,092	112,212,629
Employee related costs - Contributions for UIF, pensions and medical aids	36,351,104	31,435,726
Travel, motor car, accommodation, subsistence and other allowances	10,116,406	7,561,337
Housing benefits and allowances	2,343,357	1,848,197
Overtime payments	11,534,449	8,831,748
Annual bonus	10,059,794	8,791,924
Other	5,336,973	2,194,985
Less: Employee costs capitalized to Property, Plant and Equipment	(2,943,214)	(2,737,545)
Less: Employee costs included in other expenses	(1,640,184)	(2,303,405)
Total Employee Related Costs	**198,402,777**	**167,835,596**

There were no new advances to employees. Loans to employees are set out in note 14.

Remuneration of the Municipal Manager

Annual Remuneration	799,543	526,637
Performance bonus	124,226	99,670
Car Allowance	-	52,000
Travelling allowance	180,000	-
Contributions to UIF, Medical and Pension Funds	65,110	7,862
Settlement Amount: E. Matlawe	-	400,000
Accumulated leave paid out	-	175,634
Total	**1,168,879**	**1,261,803**

Remuneration of the Chief Finance Officer

Annual Remuneration	119,208	699,000
Performance bonus	110,215	86,670
Car Allowance	-	72,000
Travelling allowance	12,000	-
Contributions to UIF, Medical and Pension Funds	233	8,652
Accumulated leave paid out	197,951	-
Acting allowance	83,787	-
Total	**523,394**	**866,322**

The contract of the CFO expired at the end of August 2007 and senior finance officials acted as CFO from September 2007 onwards. A new CFO was appointed from 1 July 2008.

Remuneration of Individual Executive Directors

30 June 2008

	Public Safety	Planning & Development	Infrastructure Development	Corporate Services
Annual Remuneration	526,935	586,180	495,194	392,173
Performance bonus	81,596	84,987	26,342	58,951
Travel Allowance	84,000	108,000	81,000	120,000
Contributions to UIF, Medical and Pension Funds	1,473	1,473	1,123	998
Settlement amount	-	-	-	-
Leave paid out	-	-	-	-
Acting allowance	-	-	16,656	30,730
Total	**694,004**	**780,640**	**620,315**	**602,852**

	2008 R	2007 R
30 June 2008	**Community Development**	**Local Economic Development**
Annual Remuneration	492,512	481,681
Performance bonus	82,915	35,404
Travel Allowance	133,000	84,000
Contributions to UIF, Medical and Pension Funds	1,348	1,473
Settlement amount	-	-
Leave paid out	-	-
Acting allowance	-	-
Total	**709,775**	**602,558**

30 June 2007	**Public Safety**	**Planning & Development**	**Infrastructure Development**	**Corporate Services**
Annual Remuneration	488,035	508,056	575,290	738,942
Performance Bonuses	51,807	-	79,469	79,469
Travel Allowance	84,000	99,000	71,500	100,000
Contributions to UIF, Medical and Pension Funds	7,096	6,612	7,882	10,006
Settlement amount	-	-	120,000	-
Leave paid out	55,951	-	86,073	43,310
Acting allowance	-	-	-	120,799
Total	**686,889**	**613,668**	**940,214**	**1,092,526**

30 June 2007	**Community Development**	**Local Economic Development**
Annual Remuneration	496,023	196,857
Performance Bonuses	65,201	-
Travel Allowance	84,000	28,000
Contributions to UIF, Medical and Pension Funds	7,259	2,557
Settlement amount	-	-
Leave paid out	-	-
Acting allowance	16,564	-
Total	**669,047**	**227,414**

22 REMUNERATION OF COUNCILLORS

Executive Mayor	518,355	470,928
Speaker	405,066	437,901
Mayoral Committee Members	3,427,454	2,966,974
Councillors	8,814,683	8,318,622
Councillors' pension contribution	838,220	1,114,024
Total Councillors' Remuneration	**14,003,778**	**13,308,449**

The Council contribution to the pension fund for the Executive Mayor, Speaker and Mayoral Committee members are included in the specific line above. Pension contributions above are thus for all Councillors not specifically disclosed.

In-kind Benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties and has a full time driver and body guard. The Executive Mayor further has access to a budget of R250 000 per annum to be utilized as he deems fit.
The Executive Mayor have access to an entertainment facility of R20 000 per annum. The Speaker, Chief Whip and members of the Mayoral Committee have all access to an entertainment facility of R 12 000 per annum.

23 INTEREST PAID

Long-term liabilities	**15,486,699**	**12,939,220**

24 BULK PURCHASES

Electricity : Other consumers	141,529,136	128,188,646
Electricity: Bulk Consumer	240,234,799	197,008,477
Water	98,170,536	89,747,800
Total Bulk Purchases	**479,934,471**	**414,944,923**

	2008 R	2007 R
25 GRANTS AND SUBSIDIES PAID		
Grant paid to SPCA	300,000	90,000
Grant to Rustenburg Municipality: Sport and Recreation Club	50,000	49,400
Grant to Bessie Mpelegele Ngwana - Children's Home	7,986	6,307
Sundry grants	-	15,960
Total Grants and Subsidies	**357,986**	**161,667**

The subsidy to the SPCA is to assist this registered charity to undertake its tasks.

The grant to Bessie Mpelegele Ngwana is to support physically challenged children.

26 GENERAL EXPENSES

Included in general expenses is the following:-

26.1 Rentals: Operating lease - L M Wulfsohn Motors (Pty) Ltd	**592,226**	**557,245**
Full maintenance lease agreement with on 13 vehicles. The municipality do not have the option to take over ownership of the leased vehicles when the lease period expires.		
26.2 Material losses due to:		
- Theft of electricity transformers in rural areas	21,133	400,000
- New Republic Bank (NRB) investment written off	-	65,538
	21,133	**465,538**

The above risks were not covered under the insurance scheme of Council.
The investment at New Republic Bank (Under Receivership) was adjusted downwards to make provision for the expected future dividend expected to be only 35% of the remaining capital balance at NRB.

27 CHANGE IN ACCOUNTING POLICY AND CORRECTION OF ERRORS

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from:

- The legislative requirement to implement GAMAP/GRAP:		
27.1 Inventory		
Balance previously reported	-	41,366,279
Implementation of GAMAP		
Transferred to Accumulated Surplus/(Deficit)		
Capitalized to infrastructure assets(see note on Appendix E(2) and note 27.6 below)	-	(48,593,965)
Net selling price transferred to Accumulated surplus(see Statement of net changes and note	-	19,284,218
Total: Restated stock value	**-**	**12,056,532**
27.2 Property, plant and equipment		
Balance previously reported	-	623,760,809
Implementation of GAMAP		
Capitalization of infrastructure-internal services - previously disclosed as stock (See note 27.4 above)	-	48,593,965
Total: Restated balance	**-**	**672,354,774**
27.3 Correction of error: Accumulated Surplus		
Balance previously reported: 30 June 2006	252,478,019	64,747,345
- Net correction of previous year results	6,205,441	3,940,214
- Off-setting of depreciation on assets funded from CR not done in 2005/06	-	(19,284,218)
Restated balance of Accumulated Surplus: 1 July 2007	-	36,363,085
(See Statement of Net Changes and notes 27.4 and 27.6 above)	**258,683,460**	**85,786,426**

28 CASH GENERATED FROM/(UTILIZED IN) OPERATIONS

Surplus for the year	116,374,564	125,265,141
Adjustment for:-		
Depreciation	75,098,833	64,777,602
Loss / (Gain) on disposal of property, plant and equipment	(7,879,165)	(7,329,948)
Contribution to/from provisions - non-current	(168,960,993)	(73,248,348)
Contribution to bad debt provision	124,375,000	101,275,636
Investment income	(114,621,731)	(74,778,125)
Interest paid	15,486,699	12,939,220
Operating surplus before working capital changes:	**41,873,207**	**148,901,178**
(Increase)/Decrease in inventories	(1,240,827)	28,389,590
(Increase)/decrease in debtors	(5,129,563)	(41,476,076)
(Increase)/decrease in other debtors	(1,459,644)	15,350,247
(Decrease)/increase in unspent conditional grants and receipts	108,947,402	(11,761,623)
Increase/(Decrease) in creditors	20,694,944	31,081,412
Increase/(Decrease) in provisions	(256,137)	74,224
Increase in VAT	1,898,977	11,990,234
Cash generated by/(utilized in) operations	**165,328,358**	**182,549,186**

	2008 R	2007 R
29 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :		
Bank balances and cash	111,175,434	150,008,763
Call investment deposits	424,777,952	329,594,080
Total cash and cash equivalents	**535,953,386**	**479,602,843**
30 UTILIZATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term liabilities	106,650,934	108,361,037
Used to finance property, plant and equipment – at cost	112,640,535	112,651,557
Sub- total	(5,989,601)	(4,290,520)
Cash set aside for the repayment of long-term liabilities	51,546,916	43,773,698
Cash invested for repayment of long-term liabilities	**45,557,315**	**39,483,178**
External loans have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long term liabilities can be repaid on the redemption date		

31 UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

31.1 **Unauthorized expenditure**

-2008

No known material unauthorized expenditure were incurred or disallowed during the year under review.

-2007

No known material unauthorized expenditure were incurred or disallowed during the year under review.

31.2 **Fruitless and wasteful expenditure**

-2008

No known material unauthorized expenditure were incurred or disallowed during the year under review.

-2007

No known material unauthorized expenditure were incurred or disallowed during the year under review.

32 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

32.1 Contributions to organized local government

Opening balance	-	-
Council subscriptions - this year (2007: include previous years amount in dispute)	839,571	1,325,912
Amount paid - current year	(839,571)	(652,449)
Amount paid - previous years	-	(673,463)
Balance unpaid	**-**	**-**

R673 463 was paid in 2007 to SALGA following agreement on disputed levies of the past.
As a result of the dispute, the amount in dispute was not provided as payable in previous years.
assets.

32.2 Audit fees

Opening balance	-	44,093
Current year audit fee (2007/08)	-	-
Audit fee charged: previous years (2006/07)	1,946,603	1,299,493
Amount paid - current year		-
Amount paid - previous years (2006/07)	(1,946,603)	(1,343,586)
Balance unpaid (included in creditors)	**-**	**-**

32.3 VAT

Net VAT payable are disclosed in note 8. All VAT returns have been submitted by the due date throughout the year.

32.4 PAYE & UIF

Opening balance	-	-
Current year payroll deductions & Council Contribution	22,302,858	19,473,219
Amount paid - current year	(22,302,858)	(19,473,219)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	**-**	**-**

	2008 R	2007 R
32.5 Other levies paid		
Skills development levy	1,588,076	1,378,362
Motor vehicle license fees collected and paid over to NWPLG	38,483,239	28,310,401
	40,071,315	29,688,763
32.6 Pension and Medical Aid Deductions		
Opening balance	-	-
Current year payroll deductions and Council Contributions	53,576,925	48,805,152
Amount paid - current year	(53,576,925)	(48,805,152)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

32.7 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

30 June 2008	Total	Outstanding less than 30 days	Outstanding > than 30 days	Wa Wina
Lebotse MN	6,832	850	5,982	-
Marekoa BB	3,650	410	3,241	-
Masisi MC	29,492	2,654	26,837	1,328
Mmusa EM	7,045	346	6,699	1,836
Mmusa DN	1,669	563	1,106	-
Mokowe LJ & NE	14,513	878	13,634	13,167
Molefe JL	382	285	97	-
Mpengu ML	14,867	1,447	13,421	3,508
Ngqobo L	6,745	429	6,316	3,306
Nonovi ZA	36,009	1,997	34,012	12,153
Nxumalo J	3,167	1,052	2,114	-
Nxumalo J	3,677	1,447	2,230	-
Seduke D	10,655	2,007	8,648	-
	138,704	14,365	124,339	35,298

30 June 2007	Total	Outstanding less than 30 days	Outstanding > than 30 days	Wa Wina
Lebotse MN	3,983	338	3,645	-
Molefe JL	482	207	53	222
Marekoa BB	2,229	255	1,974	-
Mokowe NE	24,604	499	10,938	13,167
Mpengu ML	22,976	777	18,691	3,508
Ngqobo LB	8,527	527	4,694	3,306
Nonovi NA	43,371	1,215	27,003	15,153
Nxmalo J	337	297	40	-
Nxmalo J	727	296	431	-
Phiri JM	18,736	598	9,967	8,171
Pilane JM	836	11	825	-
Seduke NE	5,125	842	4,283	0
	131,933	5,862	82,544	43,527

	2008 R	2007 R
33 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
- Approved and contracted for	75,203,324	82,497,889
Water	22,791,546	45,772,091
Electricity	2,910,254	-
Community	5,347,267	7,656,695
Roads and Stormwater	8,401,050	860,884
Waste	16,969,646	-
Local Economic Development	3,547,399	-
Sanitation	15,236,162	28,208,219
- Approved but not yet contracted for	123,788,507	64,667,417
Water	27,506,343	7,913,599
Electricity	18,540,090	7,706,906
Community	8,772,201	1,360,600
Local Economic Development	-	3,616,784
Waste Management	5,109,080	16,971,140
Roads and Stormwater	47,886,989	20,116,856
Sanitation	15,973,804	6,981,532
Total	**198,991,831**	**147,165,306**
This expenditure will be financed from:		
- Capital Replacement Reserve	46,616,359	74,060,241
- Government Grants	136,723,492	46,842,040
- Own resources	10,452,583	2,022,164
- District Council Grants	5,199,397	14,563,710
- Other	-	9,677,151
	198,991,831	**147,165,306**

34 RETIREMENT BENEFIT INFORMATION

Personnel and Councillors are members of the following funds:
Joint Municipal Pension Fund (JMPF)
Municipal Gratuity Fund (MGF)
Municipal Employees Pension Fund (MEPF)
Municipal Councillors Pension Fund (MCPF)
Government Employees Pension Fund
National Fund for Municipal Workers (NFMW)

Last known actuarial valuations is as follows:	Valuations Actuarial	 Interim	 Level
The Municipal Gratuity Fund is a defined benefit governed under the Pension Fund Act of 1956. The most recent actuarial valuation indicated that the fund	30-Jun-02	30-Jun-04	Fully Funded
The NFMW is a fixed contribution fund and there is no statutory requirement to do an actuarial valuation	30-Jun-04	30-Jun-05	Fully Funded
The MEPF is a fixed contribution fund.	28-Feb-02	28-Feb-05	Fully Funded
The MCPF is a fixed contribution fund.	30-Jun-04	30-Jun-05	Fully Funded (104.2%
The JMPF is a fixed contribution fund.	30-Jun-03	31-Dec-04	Not Fully Funded 99.30%

All Councillors and employees belong to the 5 defined benefit retirement funds administered by the Provincial Pension Fund as disclosed above. These funds are subject to a triennial actuarial valuation.

An amount of R23.6 million (2007: R21.5 million) was contributed by Council in respect of Councillor and employees retirement funding. These contributions have been expensed.

	2008 R	2007 R
35 CONTINGENT LIABILITY		
1. Guarantees by Council in respect of bulk electricity supply in Lethabong for sewer purification plant.	590,000	590,000
2. Defamation claim - Case 1404/05	950,000	950,000
3. Performance bonuses of Municipal Manager, Directors, Unit & Section Managers	1,200,000	1,200,000
4. CCTV camera systems	-	2,250,000
5. Pension fund contributions ex Tlhabane officials State Pension Fund	1,217,336	2,000,000
6. Possible cost as a result of legal actions	500,000	500,000
7. Future lease payments	268,000	802,122
8. Claim for transfer of Erf 74. Protea Park. Property sold contrary to MFMA provisions	500,000	-
9. Service provider contesting the allocation of a security service bid	1,000,000	-
10. The Government Pension Fund contesting water meter readings	2,000,000	-
11. An employee contesting dismissal. Should he succeed, the amount disclosed is the possible costs	500,000	-
12. A service provider contesting the cancellation of his service contract on the basis of fraud.	300,000	-
	9,025,336	8,292,122

1. The guarantees are only payable should there be default in the payment for electricity supplied by ESKOM.

2. The municipality is being sued by a service provider for defamation. The amount disclosed is an estimate should the High Court rule against the municipality. The contingent liability includes legal costs of R300 000.

3. Managers have not yet been assessed in terms of the performance contracts entered into with the municipality. Once assessed, the performance bonuses will be payable.

4. The Municipality disputed the conditions on supply of the CCTV camera system due to alleged non-compliance to the supply chain management system. Legal proceedings have been instituted against the municipality. The supplier removed the cameras in October/November 2006.
5. The contingent liability arises from the difference between municipal pension fund contributions that could be payable by the municipality to the pension fund of employees transferred to the municipality should the municipality be liable to pay a higher contribution. The amount disclosed is an estimate due to uncertainties surrounding the matter.

6. The Municipality is being sued by a personnel member for unfair treatment during the placement process. A court date in the Appellate division of the High Court has not yet been set. The contingent liability includes legal costs of R500 000. This item also provides for legal costs should costs be allocated to the municipality.

7. The remaining payments (6) on a full maintenance lease agreement with L M Wulfsohn Motors (Pty) Ltd on 13 vehicles. The municipality do not have the option to take over ownership of the leased vehicles. There is also a penalty applicable of 24 cents/kilometer should more kilometers be traveled than agreed upon.

Contingent liabilities disclosed from 8 to 12 above are the estimated costs to the municipality should the disclosed claims be lost by the municipality

36 RELATED PARTY TRANSACTIONS

Rustenburg Water Services Trust is defined as a related party, due to being a 100% owned municipal entity and being the sole beneficiary of the Trust. Refer note 10.

36.1 Services rendered by related parties

Purification charges paid to RWST	26,756,598	22,852,760
Purified water purchased from RWST(Irrigation pipeline revenue)	156,257	402,400
Potable water purchased from Kloof Water Works	307,103	-
Bospoort Purified Potable Water	14,509,360	12,879,824
	41,729,318	36,134,984

The RWST operate and maintain the Rustenburg, Bospoort and Boltekong water supply and purification scheme.

36.2 Interest charged to related party Interest represent interest charged on a capitalized financial lease agreement	204,396	205,567
36.3 Loans granted to related party agreement	4,062,482	4,095,246
36.4 Money due to related party Represent outstanding amount due by the municipality for services rendered.	9,697,843	7,328,192

37 EVENTS AFTER THE REPORTING DATE

No event after the reporting date took place that could have a material impact on the financial position of the municipality on 30 June 2008 as disclosed in the Financial Statements.

38 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E(1) and E(2).

39 EXEMPTIONS FROM MUNICIPAL FINANCE MANAGEMENT ACT, ACT 56

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the Standards listed in Accounting Policy 1. In the table set out below, the exemptions offered and applied for have been listed together with an indication of the process that the municipality will follow regarding plans to implement the exemptions. The extent to which information in the Annual Financial Statements (AFS) would need to be adjusted to achieve compliance with the exempted standards has also been stated in the table:

RUSTENBURG LOCAL MUNICIPALITY

EXEMPTIONS FROM MUNICIPAL FINANCE MANAGEMENT ACT

Standard Nr	Standard Title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Exemption Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standard	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
GRAP 3	Accounting policies, changes in accounting estimates and errors	Identification and impact of GRAP standards that have been issued but are not yet effective (GRAP 3.30 N31). A list of these standards is as follows: GRAP 4: The Effects of Changes in Foreign Exchange Rates GRAP 5: Borrowing Costs GRAP 6: Consolidated AFS GRAP 7: Associates GRAP 8: JV's GRAP 9: Revenue GRAP 10: Financial Reporting in Hyperinflationary Economies GRAP 11: Construction Contracts GRAP 12: Inventories GARP 13: Leases GRAP 14: Events After the Reporting Date	Y	The following GRAP Standards have been issued but are not yet effective. The implementation plans that still need to be implemented to achieve full compliance with the standards are set out below: GRAP 4, 6, 7, 8, 9, 12, 17, 19. Currently the Municipality adheres to the requirements of the comparable GAMAP standards. Determine the difference between the applicable accounting treatment and disclosure requirements of the GAMAP versus the GRAP standards and make any necessary adjustments to the AFS. GRAP 5: Borrowing Costs Determine the applicable accounting treatment and disclosure requirements of GRAP 5 for the Municipality. GRAP 10 and 11.	Highly likely that no adjustments to the AFS will be required as there are no fundamental differences between these GAMAP and GRAP standards. A portion of interest cost on interest bearing borrowings, in respect of assets that take a substantial period of time for construction and before they are ready for use, may be capitalised to the relevant asset and will result in interest cost in the Statement of Financial Performance reducing and the cost of the asset increasing.

		GRAP 16: IP GRAP 17: PPE GRAP 18: Segment Reporting GRAP 19: Provisions, Contingent Liabilities and Contingent Assets GRAP 100: Non Current Assets Held For Sale GRAP 101: Agriculture GRAP 102: Intangible Assets		The Municipality does not have these types of transactions. GRAP 13, 14, 16, 18, 100, 101 and 102. The Municipality adheres to the requirements of the comparable GAAP standards except for the exemptions adopted as set out below per standard.	No adjustment required. See adjustments required as per relevant sections of this document set out below.
Std Nr	**Standard Title**	**GRAP,GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007**	**Adopted Y/N**	**Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards**	**Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards**
GRAP 03 (cont)	Accounting policies, changes in accounting estimates and errors	Changes in accounting policies (GRAP 3.14, 19)	N	No action plans are required. Where it is practicable to do so, all changes in accounting policy are dealt with by the Municipality retrospectively and disclosed as such in accordance with the requirements of GRAP 3.	No adjustments to the AFS are required.
GAMAP 12	Inventories	The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.	N	The Municipality has accounted for its immovable capital assets as Inventories where applicable.	None

Std Nr	Standard Title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
GAMAP 12 (cont)	Inventories	The entire standard as far as it relates to water stock that was not purchased by the Municipality.	N	The Municipality included its water stock on hand at year end in its inventories.	None
GAMAP 17	Property, plant and equipment	Review of useful life of items of PPE recognised in the annual financial statements (GAMAP 17.69 ₦61, 77)	Y	1) CFO to issue a memo to all departmental managers at year end to request them to ensure that he remaining useful life of al items of PPE as reflected for assets under their control per the FAR is realistic. 2) Departmental managers should inform the manager responsible for assets of items of PPE with remaining useful lives shorter or longer than those reflected on the FAR at year end. 3) Pass necessary accounting entries and also do necessary disclosure of the change in estimate.	**The following adjustments will need to be made to the AFS if the review of useful lives of PPE results in a changer on estimate.** 1) The depreciation charge for the year in which the change in estimate takes place as well as for all other years of the remaining useful life of the asset will be adjusted. This change in accounting treatment will therefore take place prospectively. 2) A note on the change in estimate will be disclosed if the change in estimate is material.

Std Nr	Standard Title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
GAMAP 17 (cont)	Property, plant and equipment	Review of depreciation method applied to PPE recognised in the Annual Financial Statements (GAMAP 17.62, 77)	Y	1) CFO to issue a memo to all departmental managers at year end to request them to ensure that he remaining useful life of al items of PPE as reflected for assets under their control per the FAR is realistic. 2) CFO to review the depreciation method used to depreciate different classes of assets annually to asses its applicability for each class of asset. 3) Departmental managers should inform the manager responsible for assets of items of PPE with remaining useful lives shorter or longer than those reflected on the FAR at year end. 4) Pass necessary accounting entries and also do necessary disclosure of the change in estimate.	**The following adjustments will need to be made to the AFS if the review of useful lives of PPE results in a change on estimate.** 1) The depreciation charge for the year in which the change in estimate takes place as well as for all other years of the remaining useful life of the asset will be adjusted. This change in accounting treatment will therefore take place prospectively. 2) A note on the change in estimate will be disclosed if the change in estimate is material.
GAMAP 17 (cont)	Property, plant and equipment	Impairment of non-cash generating assets (GAMAP 17.64 N 69, 75(e)(v) N(vi))	Y	1) Identify items of PPE that may have suffered impairment losses at year end by issuing a memo to all departments requesting them to identify assets that: ➢ Are in a state of permanent	**The following adjustments will need to be made to the AFS if impairment losses are calculated and disclosed for the first time:** 1) The carrying amount of PPE will be reduced.

				damage at year end (no impairment losses will be recognised in respect of assets damaged that will be repaired after year end); ➢ Are stolen at year end (impairment loss ➢ is recorded equal to the carrying amount of stolen assets at the date of the theft); ➢ Are technologically obsolete at year end (this can be facilitated by supplying departments with a FAR printout pertaining to major assets showing the remaining useful lives of assets N the departments can the asses and indicate cases where the assessed remaining useful life is shorter than the remaining useful life on the printout); ➢ Have remained idle for a considerable period wither prior to them being put into use at year end or during their useful life. ➢ Show that they are not performing according to their specifications or according to industry accepted norms. 2) Calculate and record impairment losses by determining the difference between the assets's carrying amount and its recoverable (service) amount where the recoverable amount is less than the asset's carrying amount.	2) The reconciliation between the opening and closing balance of the carrying amount of PPE will have to reflect impairment losses. 3) The accounting policy relating to PPE will have to be amended to indicate how the entity deals with and discloses impairment losses. 4) The impairment loss itself should be reflected in the noted to the Statement of Financial Performance, if material. 5) All disclosure requirements as required by IPSAS 21.

Std Nr	Standard Title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
IAS 14 AC 115	Segment Reporting	Entire Standard	Y	1) Obtain an understanding of the definitions of business segments and geographical segments as set out in IAS 14. 2) Determine the business and geographical segments of the Municipality. 3) Decide on the primary and secondary reporting formats for the entity. Therefore a decision must be made whether business is primary and geographical secondary or vice versa. 4) Change the chart of accounts and accounting software package to ensure that the segmental revenue, expenses, results, assets and liabilities can be accounted for and presented in the AFS according to the primary and secondary reporting formats.	**The AFS will have to be adjusted to ensure that the disclosure requirements of IAS 14.51 to .67 relating to segment information are met.** The primary reporting format requires inter alia, disclosure of: 1) Segment revenue for every reportable segment. 2) Segment results for every reportable segment. 3) Segment assets for every reportable segment. 4) The total cost incurred during the period to acquire reportable segment long term assets. 5) A reconciliation between the information disclosed for reportable segments and the information in the entity's own financial statements. Based on the decision of the entity whether business or geographical segments are the primary format, the secondary reporting format requirements as set out in IAS 14 will need to

IAS 17 AC 105	Leases	Recognising operating lease payments / receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement (IAS 17.33 N 34 and 50 N 51 and SAICA circular 12/06.0 N 11)	N	The Municipality accounts for its leases on the straight line basis where applicable.	be disclosed in the AFS.
IAS 19 (AC 116)	Employee Benefits	Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and defined benefit obligation disclosed by narrative information (IAS 19.29, 48 N 119 and 120A(c) N(q))	Y	The Municipality has still to determine the true extend of implementing this standard.	1. Determine the true extend of employees eligible for future benefits 2. Appoint a service provider to help the municipality calculate the liability.
IAS 20	Accounting for Government Grants	Entire standard excluding paragraphs 24 and 26, replaced by GAMAP 12.8, 17.25 and 9.42 - 46	Y	1) Currently all conditional capital grants received for the purchase of PPE are accounted for in terms of the NT GRAP implementation guidelines dated June 2005 and also GAMAP 9.42 to 46. 2) On receipt of a conditional capital government grant the amount is banked and reflected as a current liability called Unspent Conditional Grants and Receipts. Once the amount is spent in accordance with the grant conditions a transfer is made from the current liability to the Statement of Financial Performance equal to the amount that has been spent during the financial year	1) Unbundle the balance on the GGR and transfer it to a deferred income account. 2) Capital Grants utilised will no longer be transferred to a GGR via the Statement of Financial Performance and the Statement of Changes in Net Assets. Once an amount is utilised it will be transferred directly from the unspent capital conditional grants creditor to a creditor called deferred income. Therefore the GGR (Reserve) will be replaced by a creditor called deferred income.

				in accordance with the grant conditions. Thereafter an equal amount is transferred from the Accumulated Surplus to the Government Grant Reserve (CGR) on the statement of Changes in Net Assets. Annually an amount is transferred from this reserve to accumulated surplus equal to the amount of depreciation on assets funded from Government Grants. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus / (deficit). 3) On the implementation of IAS 20, unbundled the GGR by transferring the balance to a deferred income account. 4) For future depreciation charges in respect of assets that have a carrying amount equal to the deferred income account on the date of the unbundling of the GGR, ensure that an amount equal to the depreciation charge is transferred from deferred income to the Statement of Financial Performance.	3) In future a transfer will be made form the deferred income account to the Statement of Financial Performance to annually offset the amount of depreciation in respect of assets funded from government grants. The GGR will no longer exist and therefore no transfer form the GGR

Std Nr	Standard Title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
IAS 36 (AC 128)	Impairment of Assets	Entire Standard	Y	1) Identify items of PPE that may have suffered impairment losses at year end by issuing a memo to all departments requesting them to identify assets that: ➢ Are in a state of permanent damage at year end (no impairment losses will be recognised in respect of assets damaged that will be repaired after year end); ➢ Are stolen at year end (this can equal to the carrying amount of stolen assets at the date of the theft); ➢ Are technologically obsolete at year end (this can be facilitated by supplying departments with a FAR printout pertaining to major assets showing the remaining useful lives of assets N the departments can then assess and indicate cases where the remaining useful life is shorter than the remaining useful life	**The following adjustments will need to be made to the AFS if impairment losses are calculated and disclosed for the first time:** 1) The carrying amount of PPE will reduced. 2) The reconciliation between the opening and closing balance of the carrying amount of PPE will have to reflect impairment losses. 3) The accounting policy relating to PPE will have to be amended top indicate how the entity deals with and disclose impairment losses. 4) The impairment loss itself should be reflected in the notes to the Statement of Financial Performance, if material. 5) All disclosure requirements as required by IAS 36.

				on the printout); ➢ Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life. ➢ Show that they are not performing according to their specifications or according to industry accepted norms. 2) Calculate and record impairment losses by determining the difference between the assets's carrying amount and its recoverable (service) amount where the recoverable amount is less than the asset's carrying amount.	

Std Nr	Standard Title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
IAS 38 (AC 129)	Intangible Assets	The entire standard except for the recognition, measurement and disclosure of computer software and website costs (SIC 32) and all other costs are expensed.	N	The Municipality adhered to IAS 38 where applicable.	
IAS 39 (AC 133)	Financial instruments: recognition and measurement	Initially measuring financial assets and liabilities at fair value (IAS 39.43, AG 79, AG 64 Ñ AG 65 and SAICA circular 9/06)	Y		
IAS 40 (AC 135)	Investment Property	The entire standard to the extent that the property is accounted for in terms of GAMAP 17	Y	1) Prepare a list of all possible names under which property belonging to the Municipality could have been registered in the past. 2) Perform a tile deeds search using all these names mentioned in 1) above to identify all land and buildings under the control of the Municipality. 3) Compare the results of he title deeds search to the Fixed Assets Register and the Valuation Roll and adjust the FAR to reflect all land and buildings under the control of	**The following adjustments will need to be made to the AFS if IAS 40 is implemented and if IP is measured at Fair Value.** • The criteria developed by the Municipality to distinguish investment property from property owner- occupied property and from property held for sale in the ordinary course of operations; • The methods and significant assumptions applied in determining the fair value of investment property. • The extent to which the fair value of investment property is based on a valuation by an independent valuer. • The amounts included in the statement of financial performance for: (a) Rental revenue from investment

				the Municipality. 4) Value all land and buildings, which were previously not reflected on the FAR at fair value where historical cost prices and acquisition dates are unknown. 5) Identify and reclassify as Investment Property (IP) all land and buildings reflected on the updated FAR meeting the definition of Investment Property as per IAS 40. 6) Decide on an accounting policy for the subsequent measurement of IP i.e. cost price less accumulated depreciation or Fair Value. 7) Ensure that the necessary procedures are put in place to ensure the proper accounting treatment of IP after initial recognition to deal with the accounting for subsequent expenditure, disposal of IP, transfers of IP, Fair Value increases etc.	property; (b) Direct operating expenses arising from investment property that **generated rental revenue** during the period; and (c) Direct operating expenses arising from investment property that **did not generate rental revenue** during the period; (d) Fair value increases in IP. • The existence and amounts of restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal; • Material contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements; • A reconciliation of the carrying amount of investment property at the beginning and end of the period showing the following: (a) Additions, disclosing separately those additions resulting from acquisitions and those resulting from capitalised subsequent expenditure; (b) Additions resulting from acquisitions through Municipality combinations; (c) Disposals; (d) Net gains or losses from fair value adjustments; (e) Transfers to and from inventories and owner-occupied property; and (f) Other movements.

Std Nr	Standard Title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
IAS 40 (AC 135) (cont)	Investment Property (continued)	The entire standard to the extent that the property is accounted for in terms of GAMAP 17 (continued)			**The following adjustments will need to be made to the AFS if IAS 40 is implemented and if IP is measured at Cost Price less accumulated depreciation.** If the Municipality elects to reflect all of its investment properties **at cost less accumulated depreciation,** ensure disclosure in the AFS of the following information, in addition to any relevant information required by the disclosure requirements relating to IP at fair value as set out above: • The depreciation methods used; • The useful lives or the depreciation rates used; • The gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period; • A reconciliation of the carrying amount of investment property at the beginning and end of the period showing the following (comparative information is not required): (i) Additions, disclosing separately those additions resulting from acquisitions and those resulting from capitalised subsequent expenditure; (ii) Additions resulting from acquisitions through Municipality combinations; (iii) Disposals;

					(iv) Depreciation; (v) The amount of impairment losses recognised, and the amount of impairment losses reversed, during the period; (vi) The net exchange differences arising on the translation of the financial statements of a foreign Municipality; (vii) Transfers to and from inventories and owner-occupied property; and (viii) Other movements; and • The fair value of investment property. In the exceptional cases, when the Municipality cannot determine the fair value of he investment property reliably, the Municipality should disclose: (i) A description of the investment property; (ii) An explanation of why fair value cannot be determined reliably,; and (iii) If possible, the range of estimates within which fair value is highly likely to lie.

Std Nr	Standard Title	GRAP, GAMAP and/or SA GAAP Requirement(s) exempted in terms of General Notice 552 of 2007	Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted Standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted Standards
IAS 40 (AC 135) (cont)	Investment Property (continued)	Disclosure of the fair value of investment property if the cost model is applied and where the Municipality has recognised the investment property in terms of this standard (IAS 40.79(e)(i) N(iii))	Y	1) Ensure that, even if IP is reflected at cost procedures are put in place to obtain the Fair Value of IP at each Balance Sheet date for inclusion in the notes of the AFS.	1) The disclosure notes relating to IP would provide an indication of the Fair Value of IP which is carried at cost price les accumulated depreciation on the face of the Statement of Financial Position.
IFRS 3 (AC 140)	Business Combinations	Entire Standard	**Y**	1) It is highly likely that the most relevant section of IAS 40 to the Municipality is the accounting treatment of goodwill. 2) Goodwill is measured and accounted for by the Municipality in accordance with the requirements of IFRS 3.	1) No adjustments will need to be made to the AFS as the Municipality already fully complies with the relevant requirements of IFRS 3.
IFRS 5 (AC 142)	Non-current assets held for sale and discontinued operations	Classification, measurement and disclosure of non-current assets held for sale (IFRS 5.6 N 29 (in so far as it relates to non-current assets held for sale) and 38 N42)	N	The Municipality have implemented the requirements of IFRS 5 where applicable.	The Municipality have implemented the requirements of IFRS 5 where applicable.
IFRS 7 (AC 144)	Financial Instruments: Disclosures	Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.	Y	The Municipality still has to set up its accounting records and software programs to accommodate reporting in this format.	The AFS will have to include the required disclosure notes on Financial Instruments.

APPENDIX A

RUSTENBURG LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

EXTERNAL LOANS	Interest rate	Redeemable	Balance at 30 June 2007	Received during the period	Redeemed during the period	Balance at 30 June 2008		Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
LONG-TERM LOANS			R	R	R	R		R	R
- INCA	16.50%	23 April 2009	50,000,000	-	-	50,000,000			
- ABSA - Drawdown 1	11.92%	31 May 2020	18,883,046	-	(645,103)	18,237,943			
- ABSA - Drawdown 2	12.02%	31 May 2021	19,477,991	-	(567,675)	18,910,316			
- ABSA - Drawdown 3	12.14%	31 May 2022	20,000,000	-	(497,325)	19,502,675			
Total long-term loans			**108,361,037**	**-**	**(1,710,103)**	**106,650,934**			
TOTAL EXTERNAL LOANS			**108,361,037**	**-**	**(1,710,103)**	**106,650,934**		**77,039,837**	

APPENDIX B

RUSTENBURG LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost/Revaluation						Accumulated Depreciation					Carrying
	Opening Balance R	Reclassification R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Reclassification R	Additions R	Disposals R	Closing Balance R	Value R
Land and Buildings												
Land	23,891,936	-	654,836	-	-	24,546,772	-	-	-	-	-	24,546,772
Buildings	84,138,257	-	31,534,845	-	-	115,673,102	29,114,477	-	2,580,291	-	31,694,768	83,978,334
	108,030,193	**-**	**32,189,681**	**-**	**-**	**140,219,874**	**29,114,477**	**-**	**2,580,291**	**-**	**31,694,768**	**108,525,106**
Infrastructure												
Drains	22,011,878		-	-	-	22,011,878	6,439,452		1,063,053	-	7,502,505	14,509,373
Roads	272,465,687	-	46,908,355	-	-	319,374,042	126,376,951	-	17,327,584	-	143,704,535	175,669,507
Sewerage Mains & Purification plan	96,634,354	-	18,902,763	-	(3,713)	115,533,404	36,931,848	-	4,750,335	(1,791)	41,680,392	73,853,012
Electricity Mains	244,782,388	-	38,960,786	-	(16,583)	283,726,591	92,179,240	-	11,417,664	(7,641)	103,589,263	180,137,328
Electricity Peak Load Equip	2,202,387	-	3,918,428	-	-	6,120,815	123,917	-	236,135	-	360,052	5,760,763
Water Mains & Purification plant	178,587,705	-	34,431,671	-	-	213,019,376	62,447,555	-	8,870,689	-	71,318,244	141,701,132
Reservoirs N Water	14,012,424	-	413,262	-	-	14,425,686	3,213,056	-	704,239	-	3,917,295	10,508,391
Water Meters	10,112,671	-	10,012	-	-	10,122,683	1,236,111	-	644,457	-	1,880,568	8,242,115
Water Mains	13,962,444	-	-	-	-	13,962,444	4,076,668	-	694,773	-	4,771,441	9,191,003
	854,771,938	**-**	**143,545,277**	**-**	**(20,296)**	**998,296,919**	**333,024,798**	**-**	**45,708,929**	**(9,432)**	**378,724,295**	**619,572,624**
Community Assets												
Parks & Gardens	8,629,842	-	95,190	-	-	8,725,032	2,098,644	-	288,720	-	2,387,364	6,337,668
Libraries	3,721,846	-	11,392	-	-	3,733,238	1,978,896	-	124,573	-	2,103,469	1,629,769
Recreational Grounds	37,098,834	-	2,197,536	-	-	39,296,370	23,946,788	-	1,836,824	-	25,783,612	13,512,758
Civic Buildings	48,493,864	-	-	-	-	48,493,864	16,299,311	-	1,620,891	-	17,920,202	30,573,662
	97,944,386	**-**	**2,304,118**	**-**	**-**	**100,248,504**	**44,323,639**	**-**	**3,871,008**	**-**	**48,194,647**	**52,053,857**
Heritage Assets												
Historical Buildings	429,115	-	-	-	-	429,115	-	-	-	-	-	429,115
	429,115	**-**	**-**	**-**	**-**	**429,115**	**-**	**-**	**-**	**-**	**-**	**429,115**
Total carried forward	**1,061,175,632**	**-**	**178,039,076**	**-**	**(20,296)**	**1,239,194,412**	**406,462,914**	**-**	**52,160,228**	**(9,432)**	**458,613,710**	**780,580,702**

APPENDIX B

RUSTENBURG LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008 (Continue)

	Cost						Accumulated Depreciation					Carrying
	Opening Balance R	Reclassification R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Reclassification R	Additions R	Disposals R	Closing Balance R	Value R
Total brought forward	**1,061,175,632**	-	**178,039,076**	-	**(20,296)**	**1,239,194,412**	**406,462,914**	-	**52,160,228**	**(9,432)**	**458,613,710**	**780,580,702**
Housing Rental Stock												
Housing Rental	4,753,493	-	-	-	-	4,753,493	1,190,064	-	143,797	-	1,333,861	3,419,632
	4,753,493	-	-	-	-	**4,753,493**	**1,190,064**	-	**143,797**	-	**1,333,861**	**3,419,632**
Leased Assets	-		-	-	-	-	-		-	-	-	-
	-		-	-	-	-	-		-	-	-	-
Other Assets												
Landfill sites	1,341,225	-		-	-	1,341,225	378,463	-	44,830	-	423,293	917,932
Office Equipment	9,102,978	-	475,010	-	(449,770)	9,128,218	4,269,516	-	2,052,240	(423,632)	5,898,124	3,230,094
Furniture & Fittings	47,418,753	-	12,402,384	-	(1,132,541)	58,688,596	18,157,520	-	6,113,708	(917,691)	23,353,537	35,335,059
Bins and Containers	1,422,440	-	124,780	-	-	1,547,220	816,929	-	151,036	-	967,965	579,255
Emergency Equipment	3,662,073	-	262,299	-	(57,436)	3,866,936	1,090,124	-	432,809	(38,869)	1,484,064	2,382,872
Motor vehicles	38,734,287	-	3,585,680	-	(1,082,777)	41,237,190	22,043,533	-	5,428,479	(1,082,777)	26,389,235	14,847,955
Fire engines	2,166,003	-	3,298,926	-	-	5,464,929	837,281	-	130,960	-	968,241	4,496,688
Refuse tankers	1,053,069	-	809,356	-	(15,746)	1,846,679	787,603	-	72,455	(9,423)	850,635	996,044
Computer equipment	11,923,176	-	754,524	-	(292,304)	12,385,396	7,946,609	-	1,330,015	(256,033)	9,020,591	3,364,805
Other assets	49,239,181	-	11,410,557	-	(2,420,056)	58,229,682	29,542,038	-	7,038,276	(2,372,148)	34,208,166	24,021,516
Conservancy tankers	-		-	-	-	-	-		-	-	-	-
Watercraft	-		-	-	-	-	-		-	-	-	-
	166,063,185	-	**33,123,516**	-	**(5,450,630)**	**193,736,071**	**85,869,616**	-	**22,794,808**	**(5,100,573)**	**103,563,851**	**90,172,220**
Total	**1,231,992,310**	-	**211,162,592**	-	**(5,470,926)**	**1,437,683,976**	**493,522,594**	-	**75,098,833**	**(5,110,005)**	**563,511,422**	**874,172,554**

APPENDIX C

RUSTENBURG LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost						Accumulated Depreciation					
	Opening Balance R	Reclassification R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Reclassification R	Additions R	Disposals R	Closing Balance R	Carrying value R
Executive & Council	7,777,630	(382,180)	763,350	-	(119,641)	8,039,159	1,863,185	(147,866)	867,662	(97,362)	2,485,619	5,553,540
Finance & Admin	22,670,132	15,572,724	14,127,110	-	(964,342)	51,405,624	14,793,390	11,151,753	2,305,369	(948,013)	27,302,499	24,103,125
Planning & Development	43,264,040	(15,190,544)	4,159,439	-	(297,152)	31,935,783	15,275,027	(11,003,887)	2,482,831	(262,086)	6,491,885	25,443,898
Health	8,831,250	-	535,504	-	(111,369)	9,255,385	4,353,014	-	605,097	(90,701)	4,867,410	4,387,975
Community & Social Services	81,827,256	(292,485)	8,450,062	-	(1,338,938)	88,645,895	31,876,528	(78,780)	3,643,432	(1,189,340)	34,251,840	54,394,055
Housing	3,049,701	-	153,816	-	(19,976)	3,183,541	1,969,787	-	189,468	(8,828)	2,150,427	1,033,114
Public Safety	44,594,894	(14,102,843)	9,093,789	-	(380,062)	39,205,778	13,189,608	(707,142)	4,331,470	(315,874)	16,498,062	22,707,716
Environmental Protection	-	3,341,292	3,919,650	-	(15,008)	7,245,934	-	116,165	1,626,563	(11,474)	1,731,254	5,514,680
Sport & Recreation	86,606,639	-	7,603,543	-	(472,990)	93,737,192	49,523,790	-	4,767,323	(462,615)	53,828,498	39,908,694
Waste Management	73,852,989	(50,970,920)	2,561,973	-	(85,222)	25,358,820	28,746,679	(18,670,528)	2,379,912	(85,223)	12,370,840	12,987,980
Waste Water Management	56,669,129	47,922,113	32,776,650	-	(107,015)	137,260,877	10,785,528	18,633,144	4,954,949	(105,079)	34,268,542	102,992,335
Road Transport	318,903,778	14,102,843	40,480,163	-	(991,568)	372,495,216	156,802,227	707,141	19,368,205	(984,693)	175,892,880	196,602,336
Water	189,265,802	0	34,880,661	-	(9,001)	224,137,462	58,732,709	-	10,104,410	(9,001)	68,828,118	155,309,344
Electricity	294,679,070	-	51,656,882	-	(558,642)	345,777,310	105,611,122	-	17,472,142	(539,716)	122,543,548	223,233,762
TOTAL	**1,231,992,310**	**0**	**211,162,592**	**-**	**(5,470,926)**	**1,437,683,976**	**493,522,594**	**-**	**75,098,833**	**(5,110,005)**	**563,511,422**	**874,172,554**

APPENDIX D

RUSTENBURG LOCAL MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (Deficit) R		2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R
363,892,137	166,204,350	197,687,787	Executive & Council	442,394,112	183,900,195	258,493,917
52,185,585	57,321,958	(5,136,373)	Finance & Admin	59,387,940	69,089,671	(9,701,731)
11,946,101	20,881,718	(8,935,617)	Planning & Development	14,577,813	21,585,356	(7,007,543)
543,251	7,513,456	(6,970,205)	Health	1,066,305	7,977,752	(6,911,447)
2,067,203	20,404,557	(18,337,354)	Community & Social Services	1,839,300	22,960,164	(21,120,864)
132,428,032	133,764,231	(1,336,199)	Housing	140,186,467	141,754,691	(1,568,224)
16,209,492	46,387,266	(30,177,774)	Public Safety	3,917,323	44,323,804	(40,406,481)
1,824,421	27,792,196	(25,967,775)	Sport & Recreation	364,841	31,357,693	(30,992,852)
-	-	-	Environmental Protection	102,611	4,434,186	(4,331,575)
33,225,945	38,428,810	(5,202,865)	Waste Management	45,468,226	61,793,098	(16,324,872)
33,744,781	40,712,242	(6,967,461)	Waste Water Management	44,523,234	63,889,558	(19,366,324)
465	41,839,271	(41,838,806)	Road Transport	15,014,662	51,004,008	(35,989,346)
158,229,464	132,669,602	25,559,862	Water	185,317,240	186,117,022	(799,782)
441,405,106	388,517,185	52,887,921	Electricity	513,408,343	459,006,655	54,401,688
1,247,701,983	**1,122,436,842**	**125,265,141**	Sub Total	**1,467,568,417**	**1,349,193,853**	**118,374,564**
57,076,181	57,076,181	-	Less: Inter-departmental charges	57,391,200	57,391,200	-
1,190,625,802	**1,065,360,661**	**125,265,141**	**Total**	**1,410,177,217**	**1,291,802,653**	**118,374,564**
		-	Add: Share of Associate			-
		125,265,141	**Surplus**			**118,374,564**

APPENDIX E(1)

RUSTENBURG LOCAL MUNICIPALITY

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

REVENUE	2008 Actual R	2008 Budget R	2008 Variance R	2008 Variance %	Explanation of Significant Variances greater than 10% versus Budget
Property rates (see note 17)	96,188,315	94,215,000	1,973,315	2.1%	
Service charges (see note 18)	719,786,114	765,943,300	(46,157,186)	-6.0%	
Rental of facilities and equipment	4,547,078	5,872,076	(1,324,998)	-22.6%	Rent from Kloof Holiday resort lower due to reduction of monthly rent payable to the Municipality
Interest earned - external investments	64,351,217	38,357,120	25,994,097	67.8%	Investment rates increased and unspent conditional grants increased, resulting in more interest earned than budgeted
Interest earned - outstanding debtors	50,270,514	30,000,000	20,270,514	67.6%	Outstanding debtors increased and the Municipality increased the interest rate on outstanding debtors in line with market trends
Fines	3,225,523	2,319,980	905,543	39.0%	A positive trend when measured against reduced budget in adjustment budget. Income from fines lower than in previous years
Dividends	12,871	-	12,871	100.0%	
Licenses and permits	6,012,255	6,590,207	(577,952)	-8.8%	
Income from agency services	9,014,448	11,002,000	(1,987,552)	-18.1%	Lower than budgeted income. Municipality should be concerned, as customers now utilize services from surrounding Municipalities
Government grants and subsidies	419,690,414	473,919,707	(54,229,293)	-11.4%	NWPG reduced allocation of housing subsidy to Municipality
Other income (see note 20)	31,689,896	22,213,564	9,476,332	42.7%	
Gains on disposal of property, plant and equipment	7,518,244	3,500,000	4,018,244	114.8%	Mainly more stands sold in Geelhoutpark X6 than budgeted
Less: Income forgone	(2,129,672)	(6,135,200)	4,005,528	-65.3%	Decrease in the number of registered indigents
Total Revenue	**1,410,177,217**	**1,447,797,754**	**(37,620,537)**	**-2.6%**	
EXPENDITURE					
Executive & Council	169,552,395	170,122,032	569,637	0.3%	
Finance & Admin	69,089,671	78,826,453	9,736,782	12.4%	Positive variance on cost as a result of vacancies. The negative impact on financial management negates any positive variance.
Planning & Development	21,585,356	22,728,167	1,142,811	5.0%	
Health	7,977,752	8,185,767	208,015	2.5%	
Community & Social Services	22,960,164	24,291,102	1,330,938	5.5%	
Housing	141,754,691	288,692,647	146,937,956	50.9%	North West Provincial Government stopped housing subsidies to the municipality, resulting in substantial lower expenditure
Public Safety	44,323,804	46,779,177	2,455,373	5.2%	
Sport & Recreation	31,357,693	32,783,603	1,425,910	4.3%	
Environmental Protection	4,434,186	3,163,898	(1,270,288)	-40.1%	The over expenditure is as a result of assets purchased, resulting in a substantial depreciation charge.
Waste Management	56,053,978	56,322,807	268,829	0.5%	
Waste Water Management	58,150,438	54,879,232	(3,271,206)	-6.0%	
Road Transport	51,004,008	51,697,496	693,488	1.3%	
Water	171,769,222	168,939,975	(2,829,247)	-1.7%	
Electricity	441,789,295	502,860,594	61,071,299	12.1%	Lower consumption, mainly by Xstrata (R40 million), resulted in lower bulk purchases of electricity.
Total Expenditure	**1,291,802,653**	**1,510,272,950**	**218,470,297**	14.5%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	**118,374,564**	**(62,475,196)**	**180,849,760**		

APPENDIX E(2)

RUSTENBURG LOCAL MUNICIPALITY
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual	2008 Under Construction	2008 Total Additions	2008 Budget	2008 Variance	2008 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Executive & Council	763,350	-	763,350	2,869,882	2,106,532	73.4%	Low spending on Regional Community Centers
Finance & Admin	14,127,110	-	14,127,110	1,821,884	(12,305,226)	-675.4%	
Planning & Development	4,159,439	-	4,159,439	10,264,861	6,105,422	59.5%	No expenditure on Phatsima Agricultural project
Health	535,504	-	535,504	-	(535,504)	-100.0%	
Community & Social Servi	8,450,062	-	8,450,062	10,318,473	1,868,411	18.1%	Under spending on Air Conditioning and Chiller Plant at Civic Centre
Housing	153,816	-	153,816	174,000	20,184	11.6%	LDV purchased at lower than budgeted amount
Public Safety	9,093,789	-	9,093,789	11,653,897	2,560,108	22.0%	Several budgeted projects not implemented
Sport & Recreation	7,603,543	-	7,603,543	9,159,728	1,556,185	17.0%	Under spending on sport facilities at Robega, Paardekraal and Tlhabane
Environmental Protection	3,919,650	-	3,919,650	4,020,811	101,161	2.5%	
Waste Management	2,561,973	-	2,561,973	4,971,877	2,409,904	48.5%	No spending on new depot (Waste Compactors)
Waste Water Managemer	32,776,650	-	32,776,650	52,147,267	19,370,617	37.1%	No spending on VIP toilets at Maumong, Lefaragatlhe and Ikageng
Road Transport	40,480,163	-	40,480,163	75,961,196	35,481,033	46.7%	Actual expenditure on 5 projects lower than budgeted
Water	34,880,661	-	34,880,661	63,927,828	29,047,167	45.4%	Actual expenditure on 6 projects lower than budgeted
Electricity	51,656,882	-	51,656,882	61,524,833	9,867,951	16.0%	
Other		-	-	2,080,022	2,080,022	0.0%	
TOTAL	**211,162,592**	**-**	**211,162,592**	**310,896,559**	**99,733,967**	**32.1%**	

APPENDIX F

RUSTENBURG LOCAL MUNICIPALITY

DISCLOSURES IN TERMS OF SECTION 123 OF THE MFMA: GRANTS AND SUBSIDIES RECEIVED FOR THE YEAR ENDED 30 JUNE 2008

Name of Grant	Transferring organ of state or municipal entity	Quarterly receipts R				Quarterly expenditure R				Delayed and / or withheld	Reason for delay/withholding of funds	Did the municipality comply with the grant conditions as set out in the latest Division of Revenue Act	Reason for non-compliance
		September	December	March	June	September	December	March	June				
Business Advice Centre	ANGLO	763,232	-	-	36,104	6,370	47,511	16,825	43,530	No	Not applicable	Yes	N/a
Rustenburg Arbor Week : Grant Anglo	ANGLO	20,000	-	-	-	-	2,640	-	-	No	Not applicable	Yes	N/a
City Development Agency	DBSA	-	-	-	-	14,080	-	-	-	No	Not applicable	Yes	N/a
IDP Grant	DLM	-	-	-	-	17,000	69,856	40,244	31,735	No	Not applicable	Yes	N/a
Infrastructure Grants-BPDM	DLM	-	-	-	9,334,121	2,681,052	4,111,218	957,522	1,584,328	No	Not applicable	Yes	N/a
Cleaning of cemeteries: BPDM Grant	DLM	-	-	-	-	-	-	221,540	-	No	Not applicable	Yes	N/a
Grant: DLM - LED Business Plans	DLM	-	-	-	-	-	162,100	-	-	No	Not applicable	Yes	N/a
Department Of Minerals & Energy - DME	DME	-	-	-	13,668,000	11,640	1,198,931	1,304,284	9,280,917	No	Not applicable	Yes	N/a
Equitable share	DPLG	32,444,081	24,333,061	40,555,102	-	32,444,081	24,333,061	40,555,102	-	No	Not applicable	Yes	N/a
Housing	DPLG	-	-	101,776,623	35,888,632	-	-	101,776,632	35,888,632	No	Not applicable	Yes	N/a
Financial Management Grant	DPLG	250,000	-	-	-	-	163,769	16,283	14,802	No	Not applicable	Yes	N/a
IMMIS Conditional Grant	DPLG	-	-	-	-	-	4,803	109,390	-	No	Not applicable	Yes	N/a
Municipal Systems Improvement	DPLG	-	-	-	-	-	-	153,450	-	No	Not applicable	Yes	N/a
Subsidy Health Service	DPLG	-	542,000	523,185	-	-	-	-	-	No	Not applicable	Yes	N/a
Department of Sports, Arts and Culture	DSAC	-	-	-	151,298	-	791,562	735,160	1,277,366	No	Not applicable	Yes	N/a
Rustenburg Greening Strategy: DWAF	DWAF	-	-	-	-	29,737	24,980	-	25,350	No	Not applicable	Yes	N/a
Grant: PMU	MIG	-	-	-	-	-	-	-	3,598,521	No	Not applicable	Yes	N/a
Municipal Infrastructure Grant - MIG	MIG	-	59,565,503	53,082,025	-	18,499,960	14,673,815	14,596,957	23,286,494	No	Not applicable	Yes	N/a
Library, Information & Educational Network	Mines	-	-	-	-	-	-	-	-	No	Not applicable	Yes	N/a
2010 FIFA - WSDP Grant	National Government	-	18,748,538	53,465,991	-	-	26,616,966	36,316,695	13,281,339	No	Not applicable	Yes	N/a
Grants and Subsidy	NWPG	-	448,702	-	-	285,068	7,250	6,724	11,470	No	Not applicable	Yes	N/a
Integrated Transport Study	PDT	-	-	-	-	632,126	604,036	596,158	180,813	No	Not applicable	Yes	N/a
Department of Transport Infrastructure and Systems	PTISG	-	-	-	33,000,000	214,348	10,123	822,532	1,225,954	No	Not applicable	Yes	N/a
LG Seta	SETA	-	375,463	192,201	90,000	36,180	-	-	-	No	Not applicable	Yes	N/a
Skills Levy	SETA	23,040	-	-	-	374,781	364,396	379,800	390,158	No	Not applicable	Yes	N/a
Main Library: Books	Standard Bank	-	-	-	-	-	-	-	3,247	No	Not applicable	Yes	N/a
Tribal Authority Grant - TAG	TAG	-	-	-	1,464,744	869,760	594,984	-	-	No	Not applicable	Yes	N/a
Umsobomvu Youth Fund	UYF	-	-	-	-	-	-	-	-				
		33,500,353	**104,013,267**	**249,595,126**	**93,632,899**	**56,116,183**	**73,782,001**	**198,605,298**	**90,124,656**				